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COUNCILMEMBER GILDA FELLER

Civic Center Building  
2180 Milvia Street  
Berkeley, Calif. 94704

CITY OF  
BERKELEY  
**ECONOMIC  
DEVELOPMENT  
PLAN** PROPOSED  
OCTOBER 1978

AND  
DRAFT ENVIRONMENTAL  
IMPACT REPORT





## CITY OF BERKELEY



ECONOMIC DEVELOPMENT COMMISSION  
2180 MILVIA STREET

BERKELEY, CALIFORNIA

(415) 644-6534  
94704

FOR COUNCIL INFORMATION

November 14, 1978

TO: The Honorable Mayor and Members of the City Council  
Residents and Businesspeople of Berkeley

Enclosed is a copy of the Economic Development Plan that was adopted by the Economic Development Commission on October 6, 1978. This Commission was established by the City Council in October, 1976, and directed to prepare and recommend to the Council a comprehensive economic development plan which would constitute an Economic Development Element in the City's Master Plan. The Commission, with staff support from the Comprehensive Planning Department began its work in 1977 by holding five community-wide conferences, which attracted more than 300 people.

On June 2, 1978, the Commission released a preliminary version of the Economic Development Plan for public review and comment. More than 300 copies of this draft were distributed to interested citizens, neighborhood organizations, and community and business groups. Members of the Commission and Comprehensive Planning Department staff met with representatives from many of these organizations, who offered a number of suggestions concerning the plan. In addition, the Commission conducted a public hearing on June 10, 1978. During the past two months, the ideas and viewpoints that were voiced at these meetings were reviewed in detail by the Commission.

This final plan contains a set of policies that prescribe a set of balanced and complementary activities designed to improve Berkeley's economy. For example, the revitalization of the downtown will occur through a combination of mutually supporting events: the growth of theatrical, entertainment and facilities and new housing units, are designed to build enough customer demand to trigger an economic improvement in this sector of Berkeley's economy.





October 19, 1978

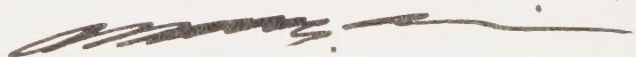
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A major proposal for implementing the policies and objectives presented in this plan is the creation of a Community Economic Development Corporation. This corporation could provide a single, community-wide organization to coordinate all economic development planning and implementation efforts, and to provide technical assistance both to private businesses and to organizations that wish to inaugurate some type of economic improvement projects and activities that realize the objectives and policies of this plan. Much will depend upon the confidence which the business community has on the management of the corporation, the board of directors and the top staff. An outline of the functions and organization of this corporation is mentioned briefly at the end of Chapter Four, and in more detail in Appendix A.

Finally, in order to provide the leadership and momentum necessary to initiate the development activities which the plan calls for, the City Council should take the following steps as soon as possible:

1. Adopt the Economic Development Plan as an element in the City's Master Plan.
2. Appoint an interim committee to draft tentative by-laws and organize such a Berkeley Economic Development Corporation.
3. Allocate \$10,000 and designate at least one staff person to establish the BCEDC.
4. Declare Sacramento Street and Adeline Alcatraz Commercial Districts as "neighborhood revitalization areas" in Berkeley (Policy 6.4).
5. Request the City Manager to appoint an economic development coordinator as soon as possible (Chapter Four, IV, Section A.1).
6. Establish a revolving loan fund of \$150,000 from Community Development Block Grant or other funds to provide all or part of the "local injection" for SBA loans to local businesspeople (Chapter IV, Section B.1.b).
7. Conduct a study of the Central Business District and formulate more definite physical development guidelines; designate buildings that merit review as having intrinsic design and architectural merit. (Policy 1.7).
8. Make necessary budget decisions to implement the plan's recommendations that maintenance of City facilities should not be neglected (Policy 9.8).

Sincerely,



Martin B. Rabkin, President

Enclosure





PROPOSED  
ECONOMIC  
DEVELOPMENT  
PLAN

AND

DRAFT  
ENVIRONMENTAL  
IMPACT REPORT

CITY OF BERKELEY  
ECONOMIC DEVELOPMENT COMMISSION

Presented October, 1978





## C R E D I T S

### MEMBERS OF THE ECONOMIC DEVELOPMENT COMMISSION:

Martin B. Rabkin, President  
John Gage  
Marilyn Power Goldberg  
Jerome O. Hutton  
Bendrew Jong  
William S. McCullough  
Richard C. Rucker  
Harry Wellman  
Ove M. Wittstock

### COMPREHENSIVE PLANNING DEPARTMENT STAFF:

Thomas F. Peak, Director

#### Principal Staff:

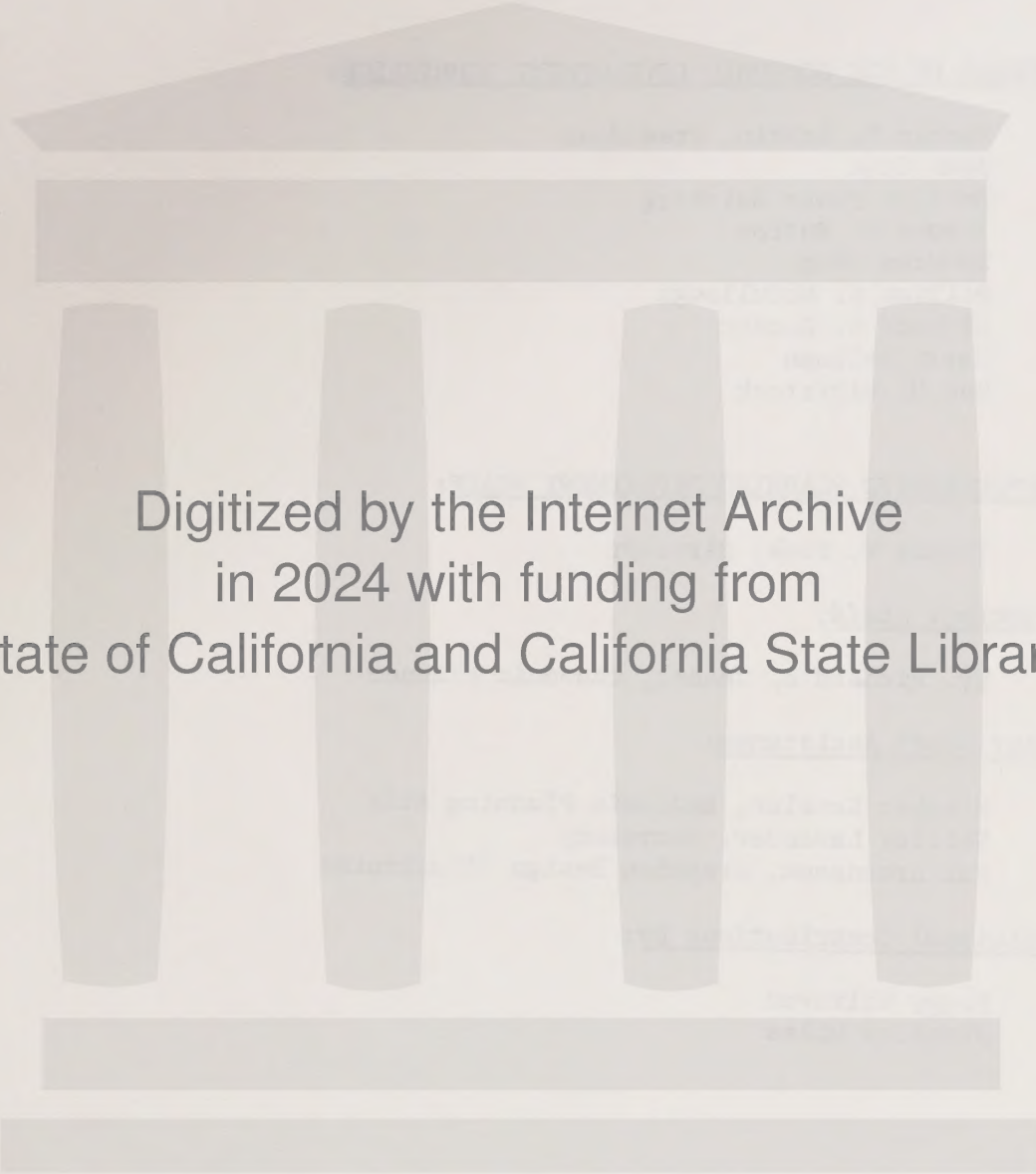
Dr. Richard A. Jenner, Economic Planner

#### Other Staff Assistance:

Stephen Kessler, Economic Planning Aide  
Shirley Lavender, Secretary  
Pat Arceneaux, Graphics Design Illustrator

#### Additional Contributions By:

Peggy Walraven  
Jennifer Miles



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## PREFACE

Some cities in recent years have initiated programs and plans for economic development, in many cases spurred by economic and fiscal erosion and by rising demands and costs for public services. Berkeley is no exception. Although not facing the same stark economic problems that have gripped other cities, Berkeley's City Council established an Economic Development Commission and charged it with the responsibility for preparing a plan to revitalize Berkeley's economy.

All statistical data, including the most recent figures, show significant and persistent decline in the most critical areas of Berkeley's economy: retail trade, manufacturing, and wholesale trade. Decline in the downtown area (the Central Business District) has been occurring since the 1950s. In addition, unemployment in Berkeley has been the highest in the Bay Area, and shows no sign of improving.

A weak economy is reflected in relatively lower city revenues, while inflation increases costs for providing services. Berkeley has already reached the stage where its ability to finance all desired services is seriously impaired.

The evidence suggests strongly that unless the City takes active and vigorous actions to reverse these trends, this decline may accentuate. It is toward these problems that this economic plan is directed.

### What Is An Economic Plan?

Berkeley's Economic Plan is primarily an outline of the actions and directions that are required to reverse the downward trends in its economy. Not all of the actions will be initiated by the City--most, in fact, must originate in the private sector. In other cases, these actions will be jointly planned, developed and executed by both private and public participation--including vigorous participation by the City.

The time has passed when any city can sit passively on the sidelines and watch economic events unfold which affect its economy. Until now the City's major role in the economy has been to react to external events--in many cases to object or criticize those events that it disliked. Because the City's desires for economic improvement have not been clearly articulated or translated into consistent policies, there has been an uncertainty in the private sector about the City's goals--an uncertainty which may contribute to further deterioration of the City's economic health. To be an effective agent of economic improvement, the City must lay out its priorities and overall goals for economic development, define clearly its policies toward these goals and their implementation, then take active steps to see that they are implemented.

On the other hand, it is important to keep in mind that true economic development must be generated through increased private investment activity. The government's primary role should be to encourage, lead, and in some cases to provide assistance, in order to allow that activity to germinate.

### Definition of Economic Development

An economic development plan, on the other hand, cannot be constructed without a clear idea of what economic development itself means. To some



people, economic development means more jobs; to others, it means retaining existing businesses or implementing a tax program to raise more city revenues. In general, however, economic development occurs whenever the value of the City's total resources increase, or are made more effective--i.e., more "efficient" in an economic sense. Resources include people, land, buildings, equipment and organizations. When these resources become more "efficient," workers obtain better jobs, are more skilled, and are higher paid. Inefficient, idle, underutilized land, facilities and equipment these workers use are improved. The result is more sales of more valued goods and services than before. The results of this increased activity are more jobs, more tax revenues and (in many cases) more businesses. It is evident that by its nature an economic development plan calls for change; it must boldly present policies that are designed to foster that change.

Although Berkeley's economy contains many non-profit organizations and institutions--primarily religious schools, churches, and the University of California--which have a substantial impact upon the City's economy, this plan will focus primarily upon private business. The reason is that Berkeley's private business sector needs help and direction, while the University and other institutions do not. This plan deals with economic development or expansion; the largest part of this development must occur through the private business sector. The University and the other institutions are not in serious difficulty. Many components of the private local economy are. Moreover, the University and the other institutions generate little retail sales and property taxes (although they may become a source of payroll tax revenues); finally, they are only peripherally subject to City policy direction.

#### Effects of Economic Change

An economic plan for a city must do more than just present programs for increasing the value of the goods and services sold or manufactured, or the

number of people employed. It is unavoidable that economic activity--as well as any change in that economic activity--affects people in a variety of indirect ways.

In general, economic activities have the following effects:

- (1) They provide jobs. The type of job and the wage paid directly affects the quality of life of residents in the community.
- (2) They provide goods and services for residents to buy. Obviously, people are better off to the degree that they have access to a wider variety of goods and services at lower costs, including transportation expenses and their time.
- (3) They have physical and environmental impact. Like anything else, all commercial facilities take up space; they have visual impact; they may contribute to air pollution, noise, visual unattractiveness and traffic congestion.
- (4) They produce tax revenues. Taxes, however, are not in themselves public goods; rather, they are the means through which the community provides a range of educational facilities, public services and products.

Only rarely, particularly in the short run, will business ventures suit everyone's needs. In most cases, any economic change will adversely affect somebody (who will pay the "costs" of that activity), and will benefit others (who will reap its "gains"). It is clear that any public decision to promote or permit a particular type of economic activity must involve assigning some estimation of the value of both its costs and benefits. To look at only the benefits of an alternative, or at one type of benefit, such as preserving open space or providing jobs, tends to obscure the costs of the alternative--which very often results in unrealistic or excessively costly decisions. On the other hand, to look at only the costs distorts the value of that decision.

Berkeley's Economic Plan, therefore, must also provide a framework for assessing the alternative gains and costs of any economic decision, and thereby providing decision makers with a framework through which they can guide the community towards that type of economic activity that it values highest.



## Background

In response to a report by the Comprehensive Planning Department, the City Council in October, 1976, created an Economic Development Commission to study Berkeley's economy and to prepare an economic plan for the City. Before beginning its work on the Plan, the Commission conducted five community-wide conferences on economic development during the summer of 1977. At these conferences, a wide spectrum of viewpoints and proposals for economic development were presented by 26 panelists, and commented upon by the more than 300 people who attended. After these meetings a draft plan was prepared and released in May, 1978; informational copies were forwarded to the Planning Commission. After a further public hearing and other public input this final plan was adopted by the Economic Development Commission.

## Outline of the Plan

In order to provide the framework for developing a program for improving Berkeley's economy, an outline of Berkeley's economy and its probable future will be presented in Chapter 1. This will be followed in Chapter 2 by an analysis of Berkeley's strengths and limitations in achieving economic growth, and a discussion of the further problems, or "issues," that are likely to be created whenever economic development appears.

Goals, strategies and policies for guiding development in the City of Berkeley as a whole will be presented in Chapter 3. These broad guidelines will be followed in Chapter 4 by specific recommendations for establishing new organizations and programs that will stimulate economic development in Berkeley.

## Overall Objectives

This economic plan, including its goals, policies and programs, is intended to address the following overall objectives:

- Retain existing businesses.
- Improve existing businesses.
- Attract new and viable businesses.
- Build confidence within the business community.
- Fully utilize available resources and increase their value.
- Take full advantage of Regional, State, and Federal Economic Development grant programs and related funding programs.
- Increase the quality and condition of Berkeley's public facilities.
- Assist the community in taking responsibility for economic development.
- Increase local employment opportunities.

## Chapter One

### BERKELEY'S ECONOMY AND ECONOMIC FUTURE

The purpose of this section is to summarize the structure of Berkeley's economy and its probable future--including the problems it is likely to encounter. This summary will provide an introduction to proposed strategies and policies through which these problems may be addressed. In order to understand Berkeley's economy, however, it will be necessary to look first at the economic structure of the Bay Area.

#### The Regional Economy

Berkeley's economy is highly integrated with the economy of the Bay Area; many Berkeley residents work and shop outside the City, and many residents of other communities work and shop within Berkeley. Regional economic conditions, such as wage, material and transportation costs, profoundly influence the number and types of businesses that locate in the City.

The San Francisco Bay Area is an increasingly important center on the West Coast for government offices and financial services. Moreover, as Table 1 shows, these industries have grown since 1960 to occupy an increasing share of all economic activity in the Bay Area--as measured by employment.

Employment in both government and the so-called "fire" industries (financial, insurance and real estate) grew during this period--and both increased their relative shares of total employment.





TABLE 1

NON-AGRICULTURAL WAGE AND SALARY EMPLOYMENT BY ECONOMIC SECTOR:  
SAN FRANCISCO-OAKLAND SMSA, 1960 AND 1974

<u>Wage and Salary Employment</u>					
Sector	Number	Percent of Total	Number	Percent of Total	Percentage Change 1960-74
Mineral Extraction	1,700	0.2	1,700	0.1	--
Construction	58,900	6.1	64,300	4.9	9.2
Manufacturing	196,700	20.5	196,200	14.8	- 0.2
Transportation, Communication, and Utilities	103,400	10.8	125,700	9.5	21.6
Wholesale Trade	73,800	7.7	88,700	6.7	20.2
Retail Trade	137,600	14.4	200,500	15.1	45.7
Finance, Insurance, and Real Estate	67,900	7.1	110,200	8.3	62.3
Services	136,900	14.3	260,500	19.7	90.3
Government	181,300	18.9	276,300	20.9	52.4
TOTAL	958,200	100.0	1,324,100	100.0	33.2

SOURCE: State of California, Employment Development Department, Area Manpower, March, 1975





Although similar growth occurred in service industries, this increase parallels national trends, and is not unique to the Bay Area.

Manufacturing employment, on the other hand, decreased slightly, both in absolute and relative terms. This decline reflects the general weakness of manufacturing activity in the Bay Area, which has not provided strong attraction to new manufacturing businesses. An important contributing factor to this weakness appears to be the generally high wage levels in the Bay Area relative to other economic regions.

Although employment in wholesale trade and construction grew during this period, the increase in both industries was lower than for all other industries. As a consequence, the relative share of total employment in both industries declined.

In summary, therefore, the economy of the San Francisco Bay Area has been characterized by a shift away from manufacturing--and to some degree, wholesale trade and construction--and toward service-oriented businesses, including government, "fire" industries, and those providing retail services.

#### The Structure of Berkeley's Economy

Berkeley's businesses produced nearly a billion dollars worth of goods and services last year and employed more than 25,000 workers. In addition, approximately another 20,000 workers in all levels of public service including the University of California, earned roughly another \$250 million.

As Table 2 shows, Berkeley's most important non-governmental industries are manufacturing, wholesale trade, services and retail trade. These industries combined accounted for more than half of all private employment in the City and generated nearly \$800 million in sales in 1976.



TABLE 2: EMPLOYMENT, GROSS RECEIPTS IN BERKELEY, 1977<sup>a</sup>

	Number of Firms <sup>b</sup>	Percent of Total Firms	Number of Employees	Percent of Total Employees	Gross Receipts (1000s)	Percent of Total Gross Receipts
Agricultural, mineral						
Extraction	150	3.0	309	1.2	5,388	0.6
Construction	581	11.8	1,212	4.7	24,440	2.7
Manufacturing	321	6.5	5,552	21.6	188,298	20.8
Transportation, Communi- cation, Utilities	152	3.1	789	3.1	69,537	7.7
Wholesale Trade	423	8.6	1,560	6.1	65,308	7.2
Retail Trade	228	24.9	6,570	25.6	314,636	34.8
Finance, Insurance, Real Estate	144	2.9	588	2.3	17,424	1.9
Services	<u>923</u>	<u>39.1</u>	<u>9,067</u>	<u>35.4</u>	<u>220,361</u>	<u>24.3</u>
TOTALS	2,922	99.9 <sup>c</sup>	25,647	100.0	905,392	100.0

SOURCE: Berkeley Department of Finance, 12/22/77.

<sup>a</sup>Total receipts omit banks and insurance agents, but includes savings and loan institutions, credit unions, and hospitals. It excludes the University of California.

<sup>b</sup>Number of Business Licenses.

<sup>c</sup>Does not add up to 100% because of rounding.





During the past few years, the structure of Berkeley's economy has shifted somewhat, as significant components of it have experienced substantial decline. The deterioration of business activity in the City can be seen graphically by examining the change in assessed valuation for commercial and industrial properties (including inventories) during the past few years. Table 3 shows that both commercial and industrial assessed values fell by nearly 21 percent during the past six years. The trends for specific sectors in Berkeley's economy will be outlined next.

### Manufacturing

Between 1967 and 1972, Berkeley experienced a slight decline in the number of firms engaged in manufacturing, although the number of employees and the "value of shipments" in constant dollars held virtually unchanged. A recent study by the Comprehensive Planning Department has revealed that the number of manufacturing firms continued to decrease between 1974 and 1976--and, more significantly, the number of employees dropped by 14% during this period. It is clear that manufacturing is a declining sector in Berkeley's economy--a decline that reflects Bay Area trends.

The most important manufacturing categories in Berkeley are chemicals and allied products, (with 1,530 employees), non-electrical machinery, (1,129 employees) and primary metal industries (540 employees). It is significant that employment in all three of these industries declined between 1974 and 1976. Altogether, these three types of industries lost more than 500 jobs.

On the other hand, although much smaller, two manufacturing industries showed some signs of growth during this period: printing and publishing (which increased employment by more than 20%) and transportation equipment (which grew by 24%).





TABLE 3  
TOTAL NET ASSESSED VALUE IN  
BERKELEY COMPARED WITH BUSINESS  
(X 1000) ASSESSMENTS\*

	Total Net Secured and Unsecured Assessment	Net Commercial Assessment	Net Industrial Assessment	Total Business Net Assessment	Business Percentage of Total
1972-73	239,729	33,059	26,884	59,943	25.0
1973-74	219,139	30,736	22,140	52,876	24.1
1974-75	205,244	28,486	22,799	51,285	25.0
1975-76	201,757	25,926	22,244	48,170	23.9
1976-77	217,184	28,230	22,515	50,745	23.4
1977-78	230,094	26,958	20,638	47,596	20.7

SOURCE: Alameda County Assessor.

\*All Values In Constant (1967) Dollars



Another recent study by the Comprehensive Planning Department shows that the most important single reason that industrial businesses have left has been lack of suitable facilities to accommodate their needs for expansion or modernization. The second most important cause of such businesses leaving Berkeley, according to this study, was Berkeley's "negative business climate." Most businesses leaving for this reason felt that a majority of local residents did not really want businesses in the City--and might impose costs and restrictions arbitrarily that would place them in a competitive disadvantage. Both of these problems will be discussed in more detail in Chapter 2 of the plan.

#### Wholesale Trade

Although wholesale trade grew in both the Bay Area and the East Bay between 1967 and 1972, this sector declined in Berkeley during this period. Total sales in Berkeley dropped in real terms by 70% and employment by more than 50%. Although exact data is not available, there is strong evidence that this decline has continued since 1972. The growing trend toward large regional distribution centers places Berkeley at a competitive disadvantage in this industry, since such centers require considerable industrial space, of which Berkeley has little.

#### Services

Non-personal services constituted the fastest growing industry in Berkeley between 1963 and 1972. On the other hand, personal services (which includes such businesses as cleaning, beauty, barber, and repair shops) declined substantially during this same period. The greatest increases were registered by miscellaneous business services, which includes advertising and consulting services, among others. Sales in this category (adjusted for inflation) nearly doubled during this period; in addition, employment increased by 45%. Other services that experienced gains were hotels, auto repair, and miscellaneous repair.



### Retail Trade

The structure of Berkeley's overall retail trade--which constitutes the largest single component in its economy--has changed substantially over the past dozen years. Although total real retail trade has not fallen dramatically since 1964, as Table 4 shows,\* several retail categories seriously eroded during this period. Significant declines occurred in apparel, general merchandise, drugs, food, packaged liquor, home furnishings and appliances, and automotive--which collectively dropped by more than 26% (in real terms).

Two categories of retail stores grew substantially during this period: eating and drinking establishments (largely restaurants) and specialty stores. Restaurant sales increased by 45% (although about a third of this gain reflects a change of the tax base, and not real growth), and specialty shops by 30%. The large growth in service station sales, on the other hand, is misleading, since gasoline became subject to the sales tax only in 1972--and gasoline prices rose faster than the general price index in 1973 and 1974.

Overall, Berkeley's retail trade patterns can best be characterized as unbalanced; some sectors of total citywide retail trade have been strong, with positive signs of continued growth; other have declined substantially over the past years, and show every sign of continued decline. Furthermore, several of Berkeley's shopping districts, such as Adeline-Alcatraz, have declined so much that their future viability is in question; others, such as Solano Avenue, have grown so dramatically that they have generated serious congestion in surrounding

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\*The total sales figures shows an increase during these years primarily because of the large gains in service station and eating and drinking (restaurant) sales. Service Station sales increased because of two factors, neither of which reflect an increase in "real" sales: in 1972 the sales tax was applied to gasoline sales, and in 1973 and 1974 gasoline prices inflated sharply. A large proportion of the increase in restaurant sales (which are based on reported taxable sales) in 1972 was caused by the application in that year of the sales tax to restaurants.

Table 4

## DOLLAR VOLUME OF TAXABLE TRANSACTIONS - BERKELEY

RETAIL CATEGORY	Thousands of 1967 Dollars												
	1964	1965	1966	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
Apparel	11,982	13,171	13,221	12,490	12,559	11,914	11,200	10,678	10,314	10,073	9,828	8,900	8,922
General Merchandise	12,865	12,404	12,248	11,659	11,198	10,754	10,743	9,881	9,802	9,230	8,430	6,666	6,428
Drugs	6,451	6,364	5,538	6,444	5,854	5,542	4,547	4,161	4,477	4,534	4,476	4,495	4,507
Food <sup>1)</sup>	11,570	11,850	11,656	12,298	12,107	11,645	11,592	11,159	11,190	10,661	9,836	10,244	9,919
Packaged Liquor	8,033	8,065	7,909	7,982	7,907	7,789	7,737	7,387	7,324	7,039	7,219	6,520	6,737
Eating and Drinking	13,483	13,944	14,396	15,736	18,083	18,948	18,708	23,139	23,939	23,571	24,004	24,923	26,022
Home Furnishings and Appliances	9,231	9,051	8,134	8,040	7,792	7,385	7,572	7,939	8,208	7,165	6,274	5,996	6,603
Building Materials	5,171	4,593	4,138	4,651	4,754	4,681	5,084	5,208	5,617	5,385	5,256	5,770	6,452
Automotive <sup>2)</sup>	32,227	32,489	29,928	31,664	30,122	24,023	23,663	25,787	24,662	21,229	22,577	25,098	28,321
Service Stations <sup>3)</sup>	2,373	2,355	2,273	2,278	2,031	1,909	1,662	8,211	10,995	11,668	12,709	12,220	12,582
Specialty	19,284	21,223	21,274	22,178	23,894	23,667	23,874	25,300	25,322	26,047	28,589	27,446	29,579
TOTAL SALES	132,670	135,509	130,715	135,420	136,301	128,257	126,382	130,427	141,850	136,605	139,200	138,278	146,072

1) Taxable Sales Only.

2) Parts and accessories included starting in 1964. Previously included in service stations.

3) Sales tax on gasoline as of 7/1/72.

SOURCE: State Board of Equalization. Trade Outlets and Taxable Sales in California.  
Berkeley Planning Department.



neighborhood areas. (Table 5 on Page 19, illustrates the taxable sales trends for seven shopping districts in Berkeley through 1976.)

The most seriously affected sales categories on a citywide basis are apparel and general merchandise (which essentially includes items typically found in large department stores). Much of this erosion was undoubtedly the result of increased competition from regional shopping centers (Figure 1 on Page 17, shows the location of East Bay regional shopping centers). On the other hand, sales of specialty products and restaurants--both of which realize no great competitive advantage in shopping centers--have increased.

The impact of regional shopping centers on Berkeley during the past 15 years can be illustrated most dramatically by comparing per capita retail sales in Berkeley with per capita sales for Contra Costa and Alameda Counties, in which most of the competitive centers for Berkeley's businesses are located.\*

If Berkeley's per capita sales were the same as for the East Bay as a whole, Berkeley's residents would then spend about as much for retail goods in Berkeley stores as the average person does generally in the East Bay. On the other hand, to the extent that per capita sales in Berkeley are below that for the East Bay, local residents would spend more than the average at retail stores outside the City. Table 6 (Page 20) compares per capita sales in Berkeley with the East Bay since 1962. The last column shows the ratio of per capita sales in Berkeley to the East Bay; if this figure is greater than one, then Berkeley is attracting a net inflow of sales dollars; if the figure is below unity, the City is losing local spending to other shopping areas. It can be seen that this ratio has declined significantly during the past 16 years.

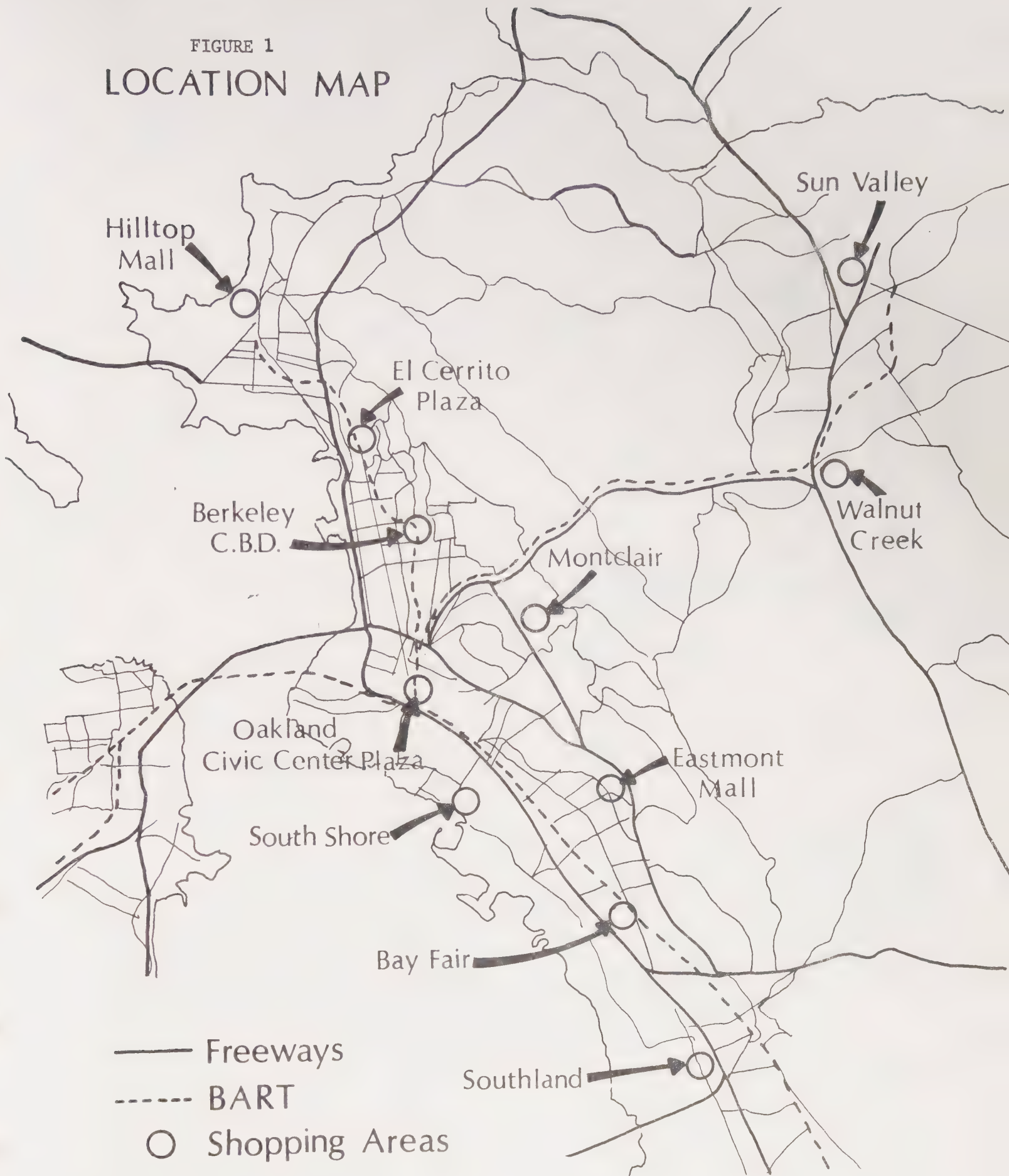
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\*For simplicity, Contra Costa and Alameda Counties will be referred to as "the East Bay" in this report.





FIGURE 1  
LOCATION MAP





# CITY of BERKELEY, CALIFORNIA



COMMERCIAL AREAS



INDUSTRIAL AREA

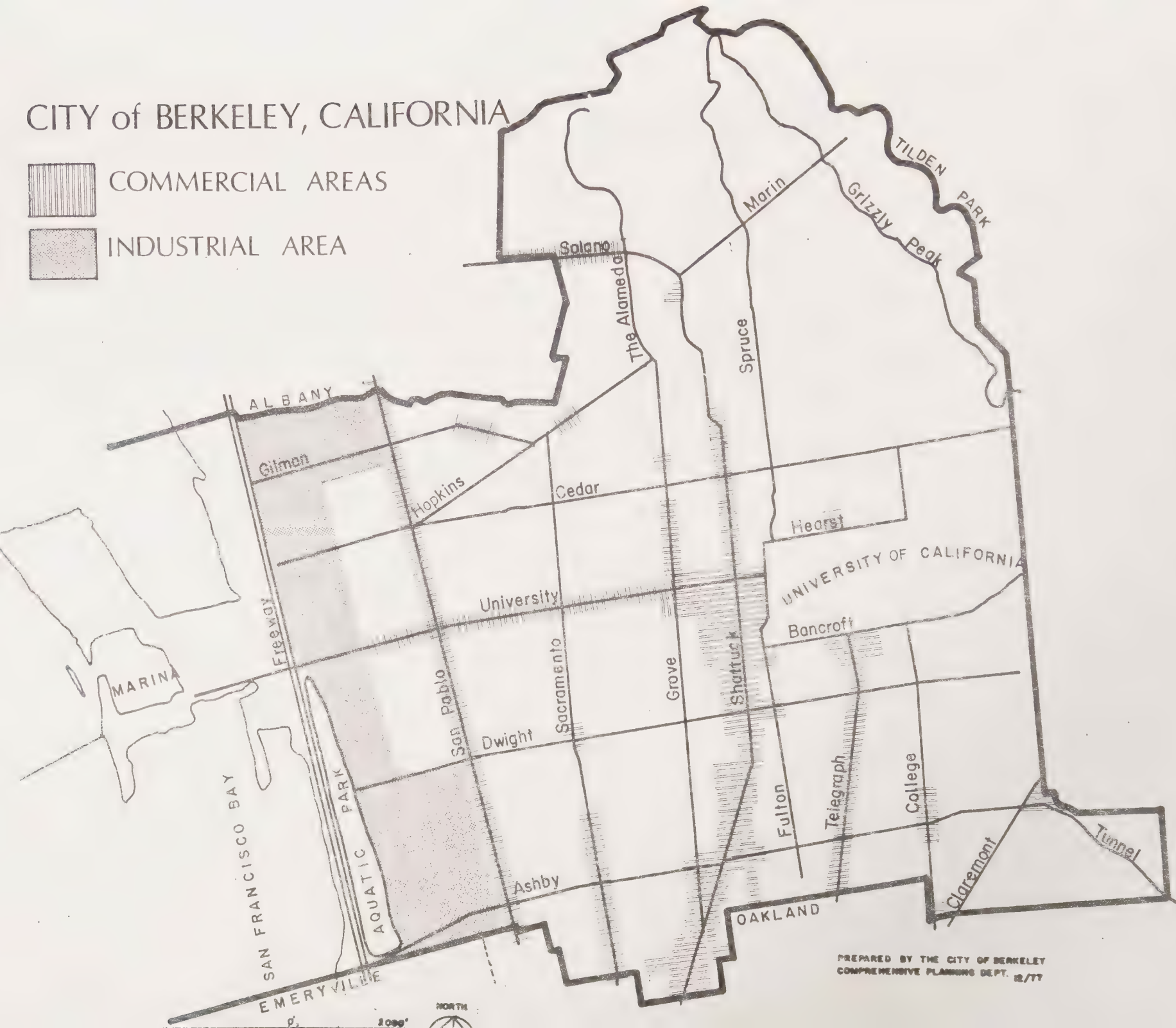


Figure 2





Table 5: COMPARISON OF TAXABLE RETAIL SALES FOR SEVEN COMMERCIAL AREAS  
Taxable Transactions  
Thousands of 1967 Dollars

DISTRICT	1965	1966	1967	1969	1970	1971	1972	1973	1974	1975	1976	1977	% Change 1965-1976
I. CBD	38,236	36,647	35,824	35,804	33,199	31,965	30,790	31,918	30,519	29,375	29,629	30,702	-19.7
II. SATHER GATE	12,098	12,679	12,585	15,068	13,883	14,055	14,639	16,429	16,684	17,003	16,759	16,455	+26.5
III. SAN PABLO UNIVERSITY	3,906	3,624	3,740	3,609	3,563	3,177	3,415	4,458	4,067	3,799	3,945	4,128	+ 5.4
IV. SOLANO	2,398	2,420	2,642	3,075	2,881	2,997	3,221	3,947	3,899	4,078	4,404	4,524	+88.7
V. ELMWOOD	1,694	1,698	1,811	1,863	1,934	2,011	1,997	2,164	2,261	2,420	2,143	2,152	+27.0
VI. ADELINE ALCATRAZ	1,112	1,310	1,507	1,100	872	767	708	785	703	618	574	434	-61.0
VII. NORTH SHATTUCK								2,889	3,122	3,209	3,105	3,318	+14.8

\*SOURCE: State Board of Equalization; Berkeley Comprehensive Planning Department.



Table 6

PER CAPITA RETAIL TRADE IN BERKELEY COMPARED TO EAST BAY\*

Year	Berkeley	East Bay	Berkeley East Bay
1962	1176.62	1104.82	1.06
1963	1190.32	1133.13	1.05
1964	1206.66	1174.82	1.03
1965	1202.78	1193.61	1.01
1968	1179.68	1256.68	.94
1969	1180.64	1249.27	.95
1970	1128.89	1174.86	.96
1971	1124.81	1235.97	.91
1972	1200.13	1317.37	.91
1973	1274.78	1364.48	.91
1974	1207.19	1349.29	.89
1975	1228.18	1335.10	.92
1976	1264.05	1537.46	.82
1977	1303.04	1712.33	.76

\*In Constant 1967 dollars.

SOURCE: State Board of Equalization: Taxable Sales in California, 1977. Comprehensive Planning Department.





To put it simply: if this ratio had been 1.06 last year (the level it was in 1962), Berkeley's businesses would have sold approximately \$55 million more than they did--almost the total actual sales for the entire downtown that year.

Retail trade is concentrated in Berkeley's downtown area, and in six shopping districts scattered throughout the City. (Figure 2 on Page 18 depicts all of Berkeley's commercial areas.) These centers will be considered next.

### The Central Business District

Although for most of its history Berkeley's downtown has been its retail and commercial trade center, it has declined both relatively and absolutely in recent years. Between 1965 and 1977, for example, overall taxable retail sales (adjusted for inflation) fell by slightly more than 19 percent; at the same time, its share of total Berkeley taxable sales fell from 28% in 1965 to 21% in 1977.

Having developed initially around the major terminus of the electric trains' Shattuck Avenue Key Route between Bancroft and University, Berkeley's downtown grew rapidly after the First World War until it assumed very much its present size by 1930. Berkeley's rising and relatively affluent population, its growing industry and strategic location both in the Bay Area and along major transportation routes fueled its early economic growth. By 1930, the primary market for the stores in Berkeley's central business district included all of Berkeley (which had a population of 82,000, excluding students), North Oakland, Albany, El Cerrito and Richmond. To serve this area, the district contained a sizeable department store, and a large number of general merchandise and specialty stores.

The size of this market area, however, was largely determined by the transportation system of that time. Most shoppers traveled to the downtown area either by electric train or by automobile. The only direct connection with San Francisco was by ferry from Berkeley's waterfront. During the 1930s and 1940s, however, better roads and new bridges increased flexibility of travel by

automobile, and therefore tended to improve the accessibility of customers in Berkeley's downtown market area to other shopping centers, particularly in Oakland and San Francisco.

In addition, particularly after the second World War, a series of rapid changes, innovations and public investments seriously changed Berkeley's competitive situation. These changes included the rapid expansion and upgrading of the road network, improvement and increasing sales of automobiles, and the complementary opening up of large suburban tract development containing relatively inexpensive modern housing. Many relatively affluent residents within the market area of Berkeley's downtown area moved into the suburbs.

This concentration in the suburbs of highly mobile and relatively affluent households drew retail businesses into clusters of "regional" shopping centers, where cost-cutting technological advances in merchandising could be effectively exploited. Although these out-migrating whites were "replaced" by in-migrating blacks over roughly the same period, this latter group as a whole earned substantially less income than the group they replaced, and as a result downtown stores suffered a net loss of market potential.

Although it does not appear that this out-migration was as severe in Berkeley as in other cities, it continued throughout the 1960s, and led to continual erosion of the market for the retail stores in the central business district.

The decline in retail trade was not uniform, however. In fact, sales for eating and drinking establishments--primarily restaurants--tripled. On the other hand, all other categories of retail trade declined. Most severely hit have been general merchandise--which consists mainly of department store sales--apparel, and automotive, which decreased 49% since the mid-1960s.

### Growing Neighborhood Commercial Area

Virtually the only substantial growth in retail sales in Berkeley during the past two decades has occurred in four neighborhood commercial areas; Sather Gate, Solano Avenue, North Shattuck and Elmwood-College.

Taxable retail sales in three of these districts (omitting North Shattuck) grew in real terms by more than 45% between 1965 and 1977--for an average annual increase of more than three percent. Their performance in Berkeley is even more dramatically underscored by the fact that their percentage of Berkeley's total taxable retail sales increased from approximately 12% in 1965 to 16% in 1975.

Except for the Sather Gate Center, these commercial areas have grown from demand provided by the relatively high-income residents in North Berkeley and the Berkeley Hills. Moreover, this primary demand has been increasingly supplemented by a growing number of customers that come from outside the City.

These trends are reflected in the retail trade statistics. For both Solano and Elmwood districts (as well as North Shattuck, which has only recently been monitored by the Comprehensive Planning Department), the primary growth sectors have been packaged liquor and eating and drinking,\* and specialty shops. All other categories of retail sales, including apparel, general merchandise, and drugs and home furnishings, either fell significantly or remained roughly constant during this period.

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\*Both categories are lumped together in the reports prepared by the State Board of Equalization for the Comprehensive Planning Department in order to preserve confidentiality.



Sather Gate, which includes the shops along Bancroft Way between Ellsworth and Bowditch and south from the University along Telegraph Avenue, has somewhat different market characteristics. Its primary market consists of the high concentration of university students, faculty and staff. On the other hand, some of its growth can be attributed to customers who come from outside the City. The result has been an overall growth in "real" sales of nearly 36% between 1965 and 1977. This growth has been concentrated in just three components of retail trade: apparel, eating and drinking, and specialty. All other types of retail trade have contracted since 1965.

#### Declining or Stagnating Neighborhood Centers

Surveys by the Comprehensive Planning Department as well as State retail trade figures show that virtually all shopping districts in Southwest Berkeley are not doing well. The principal shopping areas included within this region are Adeline-Alcatraz (which includes the stores along and adjacent to Adeline Street from the South Berkeley BART Station to the Oakland border), Sacramento Street south of Ashby Avenue, and San Pablo and University Avenues.

Of the three areas, Alcatraz-Adeline has suffered the greatest decline in retail sales. In this district, between 1967 (which was a peak year) and 1977, retail sales (adjusted for inflation) fell 61%. It appears that the decline was intensified--perhaps even triggered--by the construction of the South Berkeley BART Station. The decline, moreover, has been general: all categories of retail trade, particularly apparel and general merchandise, have suffered substantial losses.

Although there is no evidence to indicate that retail sales on Sacramento Street have suffered a dramatic decline over the past years, stores in this area are relatively small--the average business in each retail category is approximately half the average size of such stores elsewhere in the City.

In general, these commercial areas contain many small, marginal businesses that have little capacity to withstand even minor dislocations or shocks. Moreover, the area is characterized by extremely high unemployment rates (perhaps above 26%), and many of the problems typically associated with urban decline.

A complete assessment of Berkeley's economy requires consideration of two further topics: the City's unemployment rate and its tax and revenue structure.

### Unemployment

Berkeley's unemployment rate has been higher than any other city in the Bay Area--and is one of the highest in California. This rate, however, only tells part of Berkeley's unemployment story, since it counts only those people who are actively looking for fulltime jobs, not those who have stopped looking or who want part-time work. Moreover unemployment more generally affects blacks, particularly if they live in South and Southwest Berkeley, than any other ethnic group. Current citywide unemployment rate for blacks is estimated to be approximately 12.2 percent--or nearly one third higher than for the City's population as a whole. Furthermore, studies by the Comprehensive Planning Department indicate that unemployment in predominantly black areas in Southeast Berkeley may be even higher (approximately 25 percent). If national averages relating black youth unemployment to total black unemployment are applied to these figures, it is possible that unemployment for blacks under 25 in Southwest Berkeley is as high as 30 percent or more.

### Taxes and Revenues

Berkeley has received approximately 27 percent of its general fund revenues from real and personal property taxes, eight percent from sales taxes, five percent

from refuse collection charges, 31 percent from federal grants, largely from CETA and Block Grant programs, and 14 percent from state grants and subventions, principally from the property tax subvention, auto-in-lieu payments and health grants. Business licenses, furthermore, account for approximately another two percent of the total general fund revenues.

Over the years, Berkeley has become more dependent upon federal grants and subventions for General Fund revenues. Although total City revenues grew by 37% between 1970 and 1975, subventions and grants grew by 176% during this same period. Moreover, the share of total revenues represented by this source of income rose from 16% in 1970 to more than 26% in 1974. Any cutback in funds from this source, such as Revenue Sharing, would place the City under severe financial strains.

The Jarvis/Gann Property Tax Initiative, which California voters approved in June, 1978, injected several significant new factors into Berkeley's prospects for economic development. The initiative essentially contains two important features:

1. It limits total property taxes to no more than one percent of the "full cash value" of real property.
2. The value of any piece of property will be set initially at the 1975-76 assessed value. Changes in assessed value will be made only when property is sold or is newly constructed or when a change in ownership occurs. Yearly inflation increases are allowed only to a maximum of 2% annually.

Clearly, this amendment substantially alters the structure of local government finance. For example, Berkeley's property tax revenues will fall during fiscal year 1978-79 by more than \$10 million, to just over \$5 million--a percentage decrease from 22.8% to 7.8% of the City's total revenues.

One of the most important provisions of the amendment is its restriction on annual increases in assessments due to inflation to no more than 2%. Since future inflation rates will probably be much greater than 2%, the effect of this prohibition is to cause a decrease in the "real" assessment of any existing piece of



property the longer it is held. In other words, the market value of property will continually grow much faster than the tax assessment--and, of course, much faster than the annual increases in the total tax bill.

The result should provide a disincentive for people to sell property, particularly if they have held the property for a substantial period. As a result, there might well be some reduction in the number of housing units on the market at any time, which may cause inflation in housing prices to accelerate, at least in the short run. On the other hand, this provision would have little immediate effect upon people, such as speculators, who buy property, fix it up, and sell it within a short period of time.

Since the effect of this initiative will provide "windfall" gains to those who own property, the result should be a strong incentive for developers to construct new dwelling units, at least until the "windfall" advantages are eliminated as a result of the increased supply of housing.

On the other hand, the initiative will substantially affect the City's ability to issue bonds to finance new facilities or infrastructure. In particular, the power to issue tax-increment bonds through the Redevelopment Agency seems to have been effectively eliminated.

Probably the initiative's most important single effect on economic development strategies is its tendency to emphasize retail trade over other sectors as a means to increase city revenues. For example, \$100 invested in non-retail business such as manufacturing adds no more than \$1.00 per year to tax revenues (which, of course, the City would have to divide with schools and the County). On the other hand, the same \$100 invested in new retail-trade facilities would return to the City between \$2.50 and \$3.25 in sales tax revenues annually--in addition to the \$1.00 increase in property tax revenue. These estimates do not include the indirect or "derived" retail sales nor the employment benefits that would result from

increased incomes created by businesses and individuals who benefit from the original investment and subsequent sales.

Furthermore, if the \$100 investment in retail facilities were used to modernize and restore existing facilities, the total gain in retail sales and taxes would be considerably greater, since this type of investment frequently costs less per square foot than new construction.

Finally, the Jarvis/Gann Amendment will encourage Berkeley to evaluate carefully the impact on city costs and revenues of every new development proposal that is presented to it. Although many projects will draw less in City services than they provide in tax revenues (including taxes received from local retail spending), other projects clearly might not. This is not to say, however, that a cost/revenue calculation should be the only consideration for approval of new projects; in many broader cases, social factors should be considered. Many studies have shown that housing projects for low-income families with more than two or three children typically do not generate sufficient City revenues (even before the Jarvis-Gann Amendment) to cover the added costs to the City they impose.

In response to the reduction in City revenues caused by the Jarvis/Gann Initiative, the City Council recently enacted several new tax measures, to be implemented at various times. These measures are:

1. An increase in the business license tax for lessors to nine times the base rate (\$6.30 per \$1,000 of gross receipts) with a minimum tax of \$45.00 per year. This tax will become effective on January 1, 1979.
2. An increase in the transient occupancy tax from 7% to 10%. This increase will be implemented in increments of 1% per year until 1980.
3. A 5% tax on admissions. This tax tentatively will be implemented on January 1, 1979.
4. A 10% tax on parking lot fees. No implementation date has yet been set.
5. An employee license tax to be based on employee earnings. The City Council passed two alternative rate schedules for this tax. The first taxes all income above \$15,000 at a flat one percent. The second schedule taxes income between \$15,001 and \$25,000 at one percent; between



\$25,001 and \$45,000 at two percent; over \$45,000 at three percent. As of this date, the Council has not determined which of these schedules would be imposed; nor has it established an implementation date for this tax.

6. A 1% property transfer tax exempting owner-occupied, single-family residential properties and one-half of owner-occupied duplexes where the owner has resided for five years. No implementation date has been set.
7. A variety of increases in fees for services. All such increases are in effect.

The first four of these taxes could generate more than \$500,000 in new revenue annually; measures (5) and (6) could produce an additional several million dollars. In fixing the rates for these taxes, it is important that Berkeley's total tax burden on residents and businesses not be substantially higher than in nearby cities, if businesses are to be attracted here. This plan (see Policy 9.2) recommends that Berkeley push for the authority to impose an income tax, provided that this tax is implemented only if nearby cities do so as well. The employee license tax, which is similar to an income tax, is generally in line with this recommendation, since Oakland and San Francisco have already adopted such a tax.

#### The Future of Berkeley's Economy

Since the scope of Berkeley's economic problems depends upon future as well as past trends, projections have been made of the key sectors in its economy. Such projections are essential in determining policies and strategies to correct these problems.

Although any forecast of economic activity is subject to many pitfalls, several trends seem clear, at least for the next four or five years. These projected trends, of course, assume that the City undertakes no programs to alter them, and that no substantial change occurs in either regional or national (or international) economic conditions.

First of all, without intervention it is highly likely that the trend away from manufacturing and wholesale trade towards services may continue through 1982--and perhaps through the next decade. By 1982 manufacturing (measured in "value added") is projected to decrease from its 1972 level by five percent, and wholesale trade by 15%. Both industries together could loose an additional 1200 employees by 1982.\*

Non-personal services, on the other hand, are projected to continue their past growth patterns, and by 1982 increase by 20% over 1972 sales. This trend, of course, reflects a similar trend not only throughout the Bay Area, but the country as well.

Projecting retail sales, however, is a more complex task. In general, Berkeley's overall retail sales should decline gradually until 1982 and beyond. This decline, which would parallel similar declines in the downtown area, might be accelerated when Oakland's City Center shopping complex is fully in operation, and particularly if a new shopping center should locate in Albany or another nearby location. Apparel, general merchandise, drugs, and home furnishings and appliances may suffer substantial declines--perhaps to half of their current levels by 1982. On the other hand, eating and drinking and specialty sales could increase--although at a lower rate than in the past--at least through 1980.

Unless actions are undertaken to revitalize these areas, it is quite likely that Alcatraz-Adeline, San Pablo-University (and Sacramento Street), will experience significant economic decline by 1982. In particular, if past trends continue, it seems evident that the Alcatraz-Adeline district could virtually disappear as a viable economic entity by 1985.

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\*For a complete analysis of these projections, as well as a more detailed study of Berkeley's economy, upon which the summaries contained in this chapter are based, see Berkeley's Economy and Proposals for Economic Planning, Berkeley Comprehensive Planning Department, 1976.

Finally, although Berkeley's unemployment rate will undoubtedly remain high for the next five years, the overall rate will probably fall somewhat--to a level closer to the East Bay average. Although Berkeley's high unemployment rate has not appreciably declined since 1970, the impact of CETA job training and development programs will undoubtedly cause the rate to fall somewhat in the near future. On the other hand, there is evidence that unemployment among minorities (particularly black youths under 25), will remain high.

These projections of Berkeley's economy indicate that Berkeley will face substantial economic problems during the next five years and more. What Berkeley can do to deal with these problems--and what it cannot do--will be outlined in the next section.

## Chapter Two

### LIMITATIONS, OPPORTUNITIES AND ISSUES

An examination of Berkeley's options and opportunities for economic development, which will be presented in this chapter, indicate the direction that Berkeley's economy should take. First, however, it is necessary to outline those options that will have limited chances of success in Berkeley.

#### Berkeley's Development Limitations

Berkeley's retail sales probably would not be revived by attempting to build a large shopping district in the downtown area. Berkeley's population is not large enough by itself to support such a center; since relative sales volume would be low, stores would be unable to invest in inventory and in cost-cutting equipment to create the variety of products and low enough prices to attract even Berkeley residents. On the other hand, if the center were to attract customers from the region, Berkeley would be pitted directly into competition with Hilltop, Sun Valley and Southland shopping centers--not to mention Oakland's future downtown center. Even if sufficient land could be made available in the downtown area--a minimum of 10-15 acres would be needed--the location of such a center two miles from the nearest freeway makes it unlikely that Berkeley could compete effectively with other centers--even if Berkeley's streets could accommodate the increased automobile traffic.

Second, two limitations seriously restrict Berkeley's ability to attract businesses--particularly manufacturing businesses--into its industrial area.



The first is its relatively high wages--which, of course, Berkeley shares with the Bay Area as a whole. The other limitation is the relatively small amount of land that Berkeley has available for industrial uses. Therefore, manufacturing plants that are labor- or land-intensive would find it difficult to locate in Berkeley. In addition, many types of capital-intensive businesses also require large scale facilities.

Although generating tax revenues is certainly an important goal for Berkeley to pursue, it must be approached very cautiously. Berkeley receives much of its revenues from local businesses. Since businesses exist to make a profit, they will tend to relocate to another jurisdiction if local taxes are judged to represent an excessive operating expense. This factor, of course, applies to non-property taxes as well as property taxes.

#### Business Climate

It has often been charged that Berkeley's "negative business climate" discourages firms from moving here and has been an important cause of businesses leaving the City. When it surveyed most major industrial businesses in Berkeley two years ago, the Comprehensive Planning Department found that nearly 40% of these firms were considering moving from Berkeley, at least partly because they felt Berkeley's business climate was "unfavorable."

Although it is difficult to define a "negative business climate," and even more difficult to pin down its causes, businesses in the survey pointed to several problems that they felt contribute to this climate.

(1) A feeling that communication between Berkeley's business community and its residents and political leaders could be substantially improved. It was felt that legislation might be passed by the City Council, or by initiative, that might substantially affect local businesses--such as the Neighborhood Preservation



Ordinance and the bottle ordinance--without taking into consideration the needs of local businesses.

(2) Many businesses believed that the City's machinery for granting zoning and use permits tends to be vague and uncertain. The following problems were particularly cited:

- In C-1 districts (which constitute most of Berkeley's commercial areas outside the downtown), virtually all zoning permits may be subject to citizen question because the City's Zoning Ordinance contains no list of uses specifically permitted. The ordinance allows only "retail, office and service uses designed primarily to serve the everyday needs of adjacent residential neighborhoods...." Many of the terms used in this sentence--such as the terms "everyday needs," and "adjacent residential neighborhoods"--are not defined or sufficiently clear to make it even a rough guideline for business decisions.
- In the M District (for heavy manufacturing, located in the Industrial Area), the Zoning Ordinance requires any business that generates "noise, offensive odors, dust, smoke, bright light, vibration or (involves) the handling of explosives or dangerous materials" in a way that is "objectionable" to obtain a use permit. It has been pointed out that these terms are broad, and subject to individual interpretation. Because of these difficulties, some businesspeople feel that this section of the Zoning Ordinance contains ambiguities which might in the future be used to block any present or future business expansion plan.
- A number of businesspeople cited a section of the Zoning Ordinance (Section 15.1-1)\* that makes it virtually impossible to convert a residential building--even if it is located in a commercial or industrial

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\*This section of the Zoning Ordinance has been repealed by the City Council, effective August 24, 1978.

area--into a non-residential use. The ordinance states that before such a conversion may be permitted a finding must be made that:

- (1) This conversion would not "result in a reduction of housing supply essential to the well being of housing needs of the City of persons residing in the neighborhood in the vicinity of the building involved...." Clearly, the very act of conversion must by itself reduce the housing supply; what the phrase "well being of housing needs" means is extremely difficult to define.
- (2) That "the dwelling unit or units are situated in an environment unsuitable for residential occupancy, and that suitable housing will be made available to present occupants."

Clearly, these sections of the Zoning Ordinance could be made more precise, in order to remove much of the uncertainty concerning a substantial area of business decisions. In addition, it seems that a major effort should be launched, perhaps by the Chamber of Commerce, in conjunction with the City, to improve communications between local businesses and the community.

#### Berkeley's Development Opportunities

Although many traditional development paths are closed to Berkeley, others hold promise. Berkeley has many valuable assets and resources which can be more effectively mobilized into development strategies that should have a high probability of success.

Berkeley's most important assets are its location, its people and its university. Of these, perhaps the most significant is its people.

Berkeley has become an internationally-renowned city, not only because of its university, but because its people have achieved a reputation for deeply caring about society and its problems, and for wanting to preserve individuality and

human values in a technologically complex and increasingly impersonal economy. These traditions are important to many Berkeley citizens and are reflected in the many craftspeople who live in Berkeley--in artists, sculptors, and potters, as well as in people skilled at handcrafting such products as furniture, toys, clothes and tools. These creative talents permeate local business ventures. Not only has Berkeley become an important center in the Bay Area for handcrafted and "specialty" products, but it has incubated many creative new businesses, and has given birth to at least one industry of national scope--backpacking.

In a similar way, the university is a world center for research and development, new ideas and technologies. Its faculty and staff provide one of the greatest concentrations of talent in the world--a pool of talent that has largely gone untapped in terms of economic development in Berkeley. Many new ideas that have ultimately matured into successful businesses were developed at UC Berkeley, but for one reason or another those businesses did not locate in the City. In addition, the University is a center for cultural activities, such as lectures, music and performances of all types, which not only characterizes Berkeley to the public at large as a center for such events, but which provides an important means of attracting people to Berkeley--and at the same time potential customers for its stores.

Finally, Berkeley's location is an important asset. Situated nearly at the geographical center of the Bay Area, Berkeley is easily accessible to the important population centers of San Francisco, Oakland, Richmond and the East Bay. In addition, Berkeley is an attractive city, with a magnificent view of the San Francisco Bay.

#### Issues Concerning the Opportunities

These opportunities, however, will require changes in Berkeley. Although the exact nature of these changes cannot be pinpointed at this time, their general direction is clear. If Berkeley is successful in attracting substantially more



customers from the region, and until an effective mass transit system becomes operative, the result will be more automobile traffic in the city. Vigorous campaigns to promote the use of BART, as well as the development of alternative transportation forms such as shuttle service between key economic locations might counteract some but not all of this increase. On the other hand, many Berkeley residents shop outside the city; if more of these people can be encouraged to shop in Berkeley, the result should be a reduction in local automobile traffic.

Therefore, if Berkeley is to counter the downward pull on its economy and attract regional customers, it must recognize that increased traffic will result--and direct its efforts toward minimizing the impact on the City, and particularly on the residential neighborhoods. In addition, it must be prepared to provide adequate parking facilities and additional transportation where these are needed. Without convenient and reasonably priced parking, of course, even the most attractive commercial centers could wither and die.

In addition, in order to resurrect Berkeley's downtown, new high-quality apartment units must be located in or very near to it. Not only will these units provide a built-in local demand for products sold in the downtown area--which will be vital for the success of any economic recovery there--but they will help to make the downtown a safe place to live and to visit, by increasing the level of evening activity in the area. Construction of new apartments in the downtown area need not increase demand for additional downtown public parking facilities since these apartments should provide adequate parking for their tenants. Furthermore, since many residents in these units may live and work either in the downtown or the university, additional apartment units should have a beneficial transportation effect by reducing the need for some commuting trips which now occur.

To be a successful commercial center, Berkeley's downtown must offer an appealing environment. It must be physically attractive, with a mixture of shops

and facilities that offer a variety of products and services along with adequate convenient parking.

Such environmental qualities need not involve massive redevelopment. It is quite possible to rehabilitate many existing structures in ways that complement other efforts to make the downtown an attractive place to visit and live.

The City needs to encourage vigorous efforts to rescue its downtown--or see it stagnate or decline. But such actions are quite compatible with a general program emphasizing restoration and maintenance of human scale in new development.

The growing regional attraction of Berkeley's neighborhood commercial districts tends to disrupt the adjacent neighborhoods through the increased automobile traffic and spillover street parking it generates, made worse by lack of parking spaces. The people who live in the residential areas nearby want to preserve the residential characteristics of their neighborhood. They want to be able to shop in their neighborhood for many of the goods and services they frequently need. They want reasonable diversity in the selection of goods and products available in local shops.

On the other hand, many small businesses that sell such products have left the neighborhood centers over the past few years, to be replaced by shops with a more regional character, such as restaurants, boutiques and antique dealers. The reason for this trend is not only that small local stores are "pushed out" by the specialty stores, but also that retailers of "convenience" goods and services are having an increasingly difficult time remaining price competitive.

Regulations restricting local shopping districts to those that "serve" local neighborhood "needs" will probably condemn the neighborhood commercial area to economic oblivion. Although it is possible that some stores in some districts could survive for many years on lagging neighborhood demand, such stores may close and not be replaced when their present owners move or retire.



Moreover, it is questionable that the City can totally control the character of businesses that locate in any neighborhood commercial area, unless it were to impose such severe controls as to run the very real risk of destroying businesses in these districts. Two types of controls have been suggested: (1) limitations on the size of individual businesses in a shopping area and (2) prohibitions on those types of businesses that are likely to draw regional customers and thereby displace local-serving stores.

Excessive limitations on business size could well result in more, not fewer, regional-serving businesses in a neighborhood commercial center. Requirements for very small stores would permit a given commercial area to accommodate a greater aggregate number of businesses--each one smaller--than those replaced. A concentration of small outlets provide ideal conditions for the growth of a complex of specialty stores which tend to draw more customers from the larger region.

On the other hand, it is not possible to define a generic type of regional-serving business. A clothing store, for example, could well draw customers from the region, as could a hardware store. These businesses--as any other--could attract a regional market through superior marketing or by offering unusual or hard-to-find products for sale; their classification is immaterial.

The only effective means by which the character of a neighborhood shopping center could be fully controlled is if it is locally-planned as a unit. Residents living near a neighborhood commercial center could join with property owners and local merchants to form a study team to prepare a mutually agreeable commercial development plan for the shopping area, which would indicate the types of shops and other amenities the group desires for the area. This approach was used by the Comprehensive Planning Department to prepare the Sacramento Street Area Improvement Plan. Such a study team might form as a neighborhood development association or, perhaps, a corporation. The local development group would then work to attract

those businesses that conform to the plan, perhaps with the help of the City and the Chamber of Commerce. Such an approach would be most effective, of course, if competent technical people could be made available to assist the development group in preparing marketing and feasibility studies, in raising capital and in attracting businesses.

#### The Role of Area Improvement Plans

Commercial centers frequently experience decline because of several self-reinforcing conditions:

- Once started, prolonged business decline in a commercial center tends to promote expectations by businesspeople that the area will experience still further decline. As a result, businesspeople want to limit their investment--or reinvestment--in building and facility maintenance, in improvements and in inventory, for fear that these investments will not be recovered fully or in a reasonable time. This disinvestment itself, however, leads to still further deterioration of the area's commercial activity, because the customers find the stores and what they sell less appealing than competitive stores.
- Many customers today prefer to shop in commercial centers that offer a wide variety of goods and services. Stores in such areas tend to complement each other; the sales of each store depends to a great extent upon the sales of all other stores. Therefore, when sales for one or more stores decline--or when a few stores go out of business--there is a "ripple" effect on the sales of other stores. Therefore, declining sales tend to breed still further declines--which of course further convinces investors to disinvest.

These factors generate a "vicious circle" of decline for businesses in a commercial area that is difficult to break. If a single business, or a few scattered businesses, were to invest in such an area, the result would not likely attract enough new business to recover the investment; unless, of course, the business was sufficiently large or important that it became a major "attractor" of customers.

An effective means of breaking such vicious cycles is to prepare an area plan for a shopping or commercial area. In this way, a single overall development pattern and marketing strategy is prepared for the area as a whole; each business is improved simultaneously with other businesses; new businesses that will draw customers for other businesses are attracted into the center. Such a plan has been prepared (and is being implemented) on lower Sacramento Street.

#### The Role of Economic Planning

There are choices to be made--very often hard choices. Certainly, preserving neighborhoods must be highly valued. But providing jobs, tax revenues for city services and an interesting and affordable place to live are also valued objectives. Decisions cannot be made on the basis of valuing only one objective; compromises or "trade-offs" between various community goals must be made in many cases. One of the purposes of this economic plan is to present goals and policies that reflect a variety of community values, and to facilitate the assessment of the costs and benefits of any proposal or alternative. In addition, every effort should be made to find creative alternatives that will achieve many of the community's goals, and will impose the smallest social cost on the community.



## Chapter Three

### PRINCIPLES, GOALS, POLICIES

#### Introduction

An economic plan provides a framework for influencing the actions and decisions of people in private and public life who control the use of local resources. In many cases, the City exercises its influences indirectly by responding to actions proposed by others, for example, by approving use and building permits. In other cases, however, the City may act directly by encouraging and perhaps participating in attracting and promoting business activity.

In order to provide an effective means of influencing economic decisions, which by their very nature will be diverse and frequently highly complex, an economic plan must set forth a consistent set of policies based upon broadly agreed-upon goals. Three elements--goals, objectives, policies--constitute the heart of Berkeley's economic plan, and are presented in this chapter. The final chapter will outline the programs needed to implement them.

In addition to economic goals, business development in Berkeley must be guided by broad principles which, although they cannot be labeled "economic" in the strict sense, certainly contribute to the wealth of the city in that they substantially affect the quality and attractiveness of life in Berkeley. These principles affect Berkeley's neighborhoods and structures.

Berkeley's commercial and residential buildings reflect the fact that Berkeley is not just another American city, with identical steel and glass structures dominating its heart. Berkeley is a unique city, and its particular blend of differing life styles is reflected in its buildings and neighborhoods.

Berkeley's residential areas must be protected from intrusions that may tend to disrupt their nature as neighborhoods of largely single-family dwellings. Berkeley residents perceive these intrusions in quite tangible ways: disruption by automobile traffic and congestion, the appearance of apartment buildings that bring both more congestion and a certain impersonality to the community. Berkeley needs additional residential units if the prices of Berkeley's existing houses--and the concomitant property taxes--are to be kept within the range of the average Berkeley resident. Such residential units should be concentrated in areas where they will not disrupt neighborhood life, and where they will do the most economic good--such as Berkeley's downtown area.

#### Economic Goals

A city's economy is more than just money, taxes, employment and revenues. It penetrates all aspects of life: how we live and work, how we spend our leisure time, and what we value and find important in life. Therefore, the principles, goals and policies adopted by the City through its economic plan must encompass the broader social and qualitative factors that make up the fabric and life in the city. These factors must be reflected in the goals of the plan.

Economic goals describe the economic ends that the City wants to achieve. They concern economic functions of the City as reflected in the private market economy, and in the fiscal structure of the City, as reflected in the pattern of tax and fee rates and revenue and expenditure targets. By examining proposals for the future of Berkeley's economy in light of the following goals, is possible to assess the advantages and disadvantages of each in light of their overall impact on Berkeley.

The following goals assume that promoting the unique qualities of Berkeley makes good economic sense. They assume that Berkeley cannot compete directly with



large regional shopping centers for customers, but that to succeed economically, Berkeley must look for its competitive advantage to its unique and different resources.

#### Economic Goals for Berkeley

- All people in Berkeley should have employment opportunities that offer adequate wages and career possibilities. These opportunities should be available to all segments of Berkeley's population, including those people who typically experience high rates of unemployment, including young people, minorities, women, the disabled and senior citizens.
- Berkeley's non-residential tax bases should be strengthened and expanded. Such an expansion will make possible more adequate financing of essential city services and is preferable to the imposition of new taxes.
- Berkeley should become a leader in the development of new products, services and technologies such as alternative energy sources, alternative non-polluting production methods, production of specialized food products, etc., by drawing on its special resources of creative, informed and socially concerned people.
- By providing encouragement and a supportive environment for its many craftspeople and artisans, Berkeley should become a regional and nationally recognized center for the production and sale of "specialty" products. These products are defined as unique and labor-intensive products that emphasize quality, individuality, service, and--in the case of artists' products--aesthetic value.

- Berkeley should become a regional center for entertainment and cultural activities.
- Berkeley should have a strong and healthy industrial base, including both firms that contribute substantially to the City's tax revenues and those that employ a significant proportion of Berkeley residents.
- Berkeley should become a regional and national leader in the incubation and development of new industries--including manufacturing, services and retail trade--and in a broad range of research and development activities.

Those who control or affect the City's resources--the private businesspeople, landowners, developers, financial institutions, private investors, the City itself--should be encouraged and assisted to use these resources in ways that achieve these economic goals. Buildings should be revitalized, new buildings and new structures built, new business ventures launched.

#### Economic Objectives and Policies for Berkeley

As noted, goals point out in broad terms what the City's future economy should look like. To reach this view of the future, requires an outpouring of activities and energy, most of which must come from the private sector, although the City in many cases acts as catalyst or partner.

The following objectives and policies provide the basis for Berkeley's future economic development programs.

#### THE CENTRAL BUSINESS DISTRICT

##### OBJECTIVE ONE:

BERKELEY'S DOWNTOWN CENTRAL BUSINESS DISTRICT SHOULD BE REVITALIZED BY BECOMING A MULTI-FUNCTIONAL CENTER CONTAINING A WIDE ASSORTMENT OF CULTURAL, RECREATIONAL

AND ENTERTAINMENT ACTIVITIES THAT WILL ATTRACT PEOPLE NOT ONLY FROM THE NEARBY COMMUNITY, BUT FROM THE REGION AS WELL. THIS CENTER WILL HELP TO BUILD AN "ATMOSPHERE" OF UNIQUE PLACES TO MEET, SHOP AND RELAX, PLACES TO ENJOY CONCERTS, ENTERTAINMENT, THEATRICAL AND CULTURAL EVENTS.

POLICY 1.1

Encourage the location of buildings near the center of the downtown that would provide a wide assortment of public cultural events such as concerts, plays, lectures and other forms of entertainment.

POLICY 1.2

Investigate the feasibility of locating a convention center and/or conference center in the downtown area.

POLICY 1.3

Improve public amenities throughout the downtown area in order to make it a more attractive place in which to relax, walk, browse and shop.

POLICY 1.4

Promote alternative means of transportation to the private automobile for people who visit, shop, and work in the downtown area. These alternatives, which might include shuttle buses or "elephant trains," should be connected to peripheral parking facilities near the freeway.

POLICY 1.5

Encourage the construction of adequate parking facilities in the downtown area.

POLICY 1.6

Encourage businesses that provide goods and services that complement the cultural and entertainment facilities to locate in the downtown area.

POLICY 1.7

Encourage the rehabilitation of attractive older buildings that have intrinsic merit (to the extent economically feasible) for further commercial use.

POLICY 1.8

Encourage businesses that provide goods and services for citizens at all economic levels.

POLICY 1.9

Explore the feasibility of relocating automobile dealers and repair shops from the downtown to more suitable, concentrated facilities in Berkeley.

OBJECTIVE TWO:

MORE RESIDENTIAL MULTI-FAMILY APARTMENT UNITS SHOULD BE SITUATED IN OR VERY CLOSE TO THE CITY'S DOWNTOWN (CENTRAL BUSINESS) DISTRICT. THESE UNITS WILL PROVIDE A SUBSTANTIAL MARKET BASE NECESSARY FOR THE REVITALIZATION OF THE DOWNTOWN AREA; THEY WILL PROVIDE CUSTOMERS--AND DEMAND--FOR GOODS AND SERVICES PROVIDED



BY MERCHANTS AND FACILITIES IN THE AREA. MOREOVER, THE PRESENCE OF PEOPLE LIVING IN THE AREA WILL MAKE IT MORE ATTRACTIVE TO OUTSIDE VISITORS, PARTICULARLY AT NIGHTTIME.

POLICY 2.1

Encourage the construction of new housing units which should be located near office and commercial facilities so as to minimize need for transportation.

POLICY 2.2

Encourage new apartment units in the downtown that provide housing for a cross-section of Berkeley residents, including the people who presently live in the downtown area.

POLICY 2.3

Foster use of Federal Section 8 housing assistance programs by new housing sponsors in order to provide housing opportunities for households of varying incomes.

POLICY 2.4

Encourage apartment development that includes a mixture of new buildings and older buildings that have been revitalized and brought up to contemporary standards, with much of their original design characteristics retained and restored.

POLICY 2.5

Wherever feasible, promote the construction of apartment buildings in Central Business District which include stores and offices situated on the lower floors.

POLICY 2.6

Encourage the construction of both ownership (condominium and cooperative) and rental apartment units.

OBJECTIVE THREE:

ONE OR MORE FACILITIES TO ACCOMMODATE RESEARCH ORGANIZATIONS OR ACTIVITIES SHOULD BE ESTABLISHED IN THE DOWNTOWN AREA.

POLICY 3.1

Investigate the need for and feasibility of a single research building or complex located in the downtown.

POLICY 3.2

Encourage research organizations, particularly those affiliated with the University, to locate in the downtown.

POLICY 3.3

Encourage those research activities that emphasize "software" development to locate in downtown Berkeley; those types of research activities that require process technology, fabricated materials, testing and product development should locate in the industrial area.

OBJECTIVE FOUR:

THE DOWNTOWN SHOULD BECOME A CENTER OF OFFICES FOR LOCAL AND REGIONAL BUSINESSES.

POLICY 4.1

Encouragement should be given to remodeling existing buildings in the downtown area to provide high-quality office accommodations.

POLICY 4.2

Encourage office centers, particularly new buildings, to locate as near as possible to the downtown BART station, and to parking facilities. Street floor space in new office buildings should be devoted to retail activity where possible.

POLICY 4.3

Encourage those businesses that provide supporting services for offices, particularly business headquarters.

POLICY 4.4

Encourage the developers of new commercial space to give the first right of refusal to former commercial tenants.

OBJECTIVE FIVE:

CLUSTERS OF SPECIALTY SHOP CENTERS SHOULD BE ESTABLISHED AT VARIOUS LOCATIONS IN THE DOWNTOWN AREA.

POLICY 5.1

Retail and service businesses that offer unique, high-quality and handcrafted products should be encouraged to locate in the downtown.

POLICY 5.2

Businesses that sell goods and services that complement each other should be encouraged to locate near each other, preferably at a single location.

SMALLER COMMERCIAL DISTRICTS

OBJECTIVE SIX:

SMALLER COMMERCIAL DISTRICTS IN BERKELEY SHOULD DEVELOP IN SUCH A WAY AS TO BALANCE THE NEEDS OF BERKELEY RESIDENTS FOR JOBS, GOODS AND SERVICES WITH THE NEED TO PROTECT THE SURROUNDING RESIDENTIAL AREAS FROM DISRUPTION BY VEHICULAR TRAFFIC.

POLICY 6.1

Businesses that may generate above average vehicular traffic should be studied before being allowed to locate in congested neighborhood districts.

POLICY 6.2

Encourage parking adequate to serve the needs of shoppers in all neighborhood commercial centers in order to reduce and manage automobile congestion.



POLICY 6.3

Encourage businesses looking for new locations to cluster in centers of commercial and retail activity.

POLICY 6.4

Commercial areas for which retail sales or other commercial activities have declined for at least five years, or are located in sections of the City where unemployment is 50% or more above the city average, should be designated by the City as "neighborhood revitalization areas."

POLICY 6.5

Support efforts of merchants and residents' organizations to increase business activity, particularly in areas that have been designed as "neighborhood revitalization centers."

POLICY 6.6

Assist those businesses that have outgrown the neighborhood commercial districts in which they are located to move downtown.

THE INDUSTRIAL AREA

OBJECTIVE SEVEN:

THE INDUSTRIAL AREA SHOULD BECOME AN INCUBATOR OF NEW AND INNOVATIVE INDUSTRIAL BUSINESSES.

POLICY 7.1

Encourage businesses to develop and introduce new production methods and products that promote solutions to environmental, energy and transportation problems.

POLICY 7.2

Encourage new business ventures that are initiated and owned by Berkeley residents, or by faculty, staff and students from UC Berkeley.

POLICY 7.3

Encourage labor intensive businesses.

POLICY 7.4


New industries should be non-polluting according to current standards, and should minimize disruption and traffic congestion in the surrounding community.

POLICY 7.5

New industries that substantially increase the City's tax bases, particularly those that require limited city services, should be encouraged to locate in the industrial area.

POLICY 7.6

Residential units should not be mixed with industrial and manufacturing businesses in the M-zoned areas.



POLICY 7.7

Investigate the feasibility of developing the area adjacent to both sides of lower University Avenue, near the freeway off-ramp, as a multi-use retail and residential and manufacturing area, with provision for work areas and artists' studios.

POLICY 7.8

In all areas of the city zoned for industrial uses (zoned M) allow existing housing units to be replaced by uses or facilities for which the area is zoned when such replacement will result in a significant increase in employment and/or a significant increase in revenue to the city with due consideration to the welfare of the tenants including, but not limited to, adequate notice and relocation assistance.

POLICY 7.9

Do not reduce the area zoned for industrial use.

EMPLOYMENT STRATEGIES AND POLICIES

OBJECTIVE EIGHT:

ENCOURAGE BERKELEY EMPLOYERS INCLUDING THE CITY OF BERKELEY TO ADOPT COOPERATIVE PROGRAMS TO PROMOTE LOCAL EMPLOYMENT OF SUBSTANTIAL NUMBERS OF BERKELEY RESIDENTS.

POLICY 8.1

Encourage Berkeley employers to make an active effort to recruit Berkeley residents.

POLICY 8.2

Encourage Berkeley employers to hire disabled people and those who have been chronically unemployed.

POLICY 8.3

Explore methods to help unemployed people--particularly the chronically unemployed--to improve their skills, work attitudes and habits.

POLICY 8.4

Encourage Berkeley employers to communicate their current and future needs for employees to local job development agencies and training organizations.

POLICY 8.5

Encourage Berkeley employers that receive technical or financial assistance from the City to make special efforts to recruit qualified employees from many of Berkeley's unemployed residents.

POLICY 8.6

Berkeley employers should provide training and apprenticeship programs to hire Berkeley's unemployed, whenever possible.



POLICY 8.7

New jobs that are generated by revitalization activity--including the establishment of new businesses--should be given whenever possible to Berkeley's unemployed--particularly to minority youths.

TAXES AND REVENUES

OBJECTIVE NINE:

CITY REVENUES SHOULD BE ADEQUATE TO PROVIDE ESSENTIAL AND HIGHLY DESIRABLE CITY SERVICES EVEN UNDER RISING COSTS DUE TO INFLATION.

POLICY 9.1

Necessary City revenues should be obtained primarily by increasing city income from sources other than taxes on residential property. This can be most effectively achieved by attracting and promoting new businesses, and by inducing existing businesses to expand.

POLICY 9.2

The City should levy taxes upon payrolls as a means of obtaining necessary revenues. This tax should only be implemented in concert with similar action by neighboring cities.

POLICY 9.3

Adjust the fees charged for City facilities, such as parking and the marina, until demand equals supply, and income from these facilities at least equals expenses.

POLICY 9.4

Continue active efforts to obtain grants that support City services and business development efforts.

POLICY 9.5

Explore means of limiting tax exempt property.

POLICY 9.6

Explore tax incentives for new businesses and existing businesses.

POLICY 9.7

Explore the possibility of user-fees for tax exempt properties on the basis of benefits received from City services.

POLICY 9.8

Allocation of City revenues should insure that maintenance of basic city functions is not neglected. There is evidence of deterioration in city streets, sidewalks and city buildings which, if not corrected soon, will require much greater expenditures later on.

POLICY 9.9

Scrutinize the efficiency with which public operations are conducted (city, school, and special districts); this effort is especially necessary because of rising costs due to inflation.

POLICY 9.10

The State should provide funds to state agencies specifically for the purpose of compensating the cities for the direct cost of services which they provide to the State agencies.

HEALTH SERVICES AND FACILITIES

OBJECTIVE TEN:

HEALTH SERVICES AND FACILITIES ARE AN IMPORTANT SERVICE, EMPLOYMENT, ECONOMIC, SOCIAL, AND EDUCATIONAL ASSET TO THE CITY. THEIR ADAPTATION TO THE HEALTH NEEDS OF BERKELEY AND ADJACENT COMMUNITIES SHOULD TAKE PLACE IN A PLANNED AND INTEGRATED FASHION WITH OTHER SECTIONS OF THE CITY'S MASTER PLAN.

POLICY 10.1

Specific zoning regulations should be developed to meet the land use needs of health facilities.

POLICY 10.2

Major health facilities should develop and discuss proposed master plans for building, land use, patient care, education, and employment programs with appropriate neighborhood

POLICY 10.2 (Cont'd)

associations and city departments to facilitate good planning and reduce conflicts with other sections of the City's Master Plan and zoning regulations.

POLICY 10.3

Boundary lines for health service zoning should be large enough to meet agreed-upon needs, provide for buffer zones between health service facilities and adjacent residential and other commercial zones.

POLICY 10.4

Health facilities should be required to provide adequate parking and/or alternate means of transportation for patients, visitors, and employees to minimize the parking and traffic impact on adjacent residential and commercial neighborhoods.

POLICY 10.5

Health facilities should be located along or adjacent to major arterial streets to facilitate easy access to parking and public transportation.

POLICY 10.6

Health facilities in Berkeley, in conjunction with the City's Health Department, should be encouraged to develop patient care programs and services to serve a larger percentage of Berkeley residents.



UNIVERSITY OF CALIFORNIA

OBJECTIVE ELEVEN:

THE UNIVERSITY OF CALIFORNIA SHOULD BE ENCOURAGED TO PROMOTE ECONOMIC DEVELOPMENT IN THE CITY AND TO AVOID ACTIONS OR POLICIES THAT ADVERSELY AFFECT OR THWART ECONOMIC DEVELOPMENT IN BERKELEY.

POLICY 11.1

The University of California should not expand its land holdings in Berkeley; any additional acquisition of property currently on the tax rolls should be offset by sale of other university-held property of equivalent value so as to maintain the City's real property tax base.

POLICY 11.2

The University should be encouraged to sell unused or underutilized land which it owns in areas zoned for commercial or industrial use.

POLICY 11.3

The City should encourage university involvement in a joint task force with the City to determine the types of services and supplies that will be needed and could be developed in whole or part within the City of Berkeley.

POLICY 11.4

The current policy of joint meetings between the University and the City Council, the University and the business community, and the University and the neighborhood communities, should be encouraged.

GENERAL POLICIES

OBJECTIVE TWELVE:

EXISTING BUSINESSES SHOULD BE ENCOURAGED TO REMAIN AND EXPAND IN BERKELEY.

POLICY 12.1

Emphasis should be directed toward retaining those firms that:

- a. employ large numbers of people, particularly minorities, disabled and women;
- b. contribute substantially to Berkeley's non-residential tax bases;
- c. manufacture or conduct research into products that deal with environmental problems, such as resource conservation and conservation technology.

POLICY 12.2

The City should find means through which to systematically identify problems and needs of existing businesses.

POLICY 12.3

The City should explore ways to assist local businesses to resolve problems which might cause them to relocate.

POLICY 12.4

The City should establish a reasonable time period within which all necessary permits and licenses will be either issued or denied.

POLICY 12.5

Zoning regulations should be both comprehensive and precise so that an individual or firm considering the establishment of a business or the construction or alteration of a building will be able to determine in advance the exact requirement which must be met.

It should be made precisely clear when and under what conditions a use permit or a public hearing shall be required.

POLICY 12.6

The functions of the Board of Adjustments should consist mainly of (1) interpretation of the Zoning Ordinance, (2) granting use permits for unique projects, and (3) granting variances. Use permits for business projects should be required only sparingly and then only where specific guidelines are established.

POLICY 12.7

An economic impact analysis should be provided for proposed zoning changes and for proposed legislation that affect business and economic activity.

POLICY 12.8

Increase efforts to keep commercial areas clean and free from litter and refuse.

POLICY 12.9

✓ In all areas of the City zoned for commercial use (Zone C) allow existing housing units to be replaced by uses or facilities for which the area is zoned when such replacement will result in a significant increase in revenue to the city with due consideration to the welfare of the tenants including, but not limited to, adequate notice and relocation assistance.

OBJECTIVE THIRTEEN

RESIDENTS OF BERKELEY SHOULD GENERATE AS MUCH CAPITAL AND PROVIDE AS MUCH OWNERSHIP OF NEW LOCAL BUSINESS VENTURES AS POSSIBLE.

POLICY 13.1

Encourage the formation of local development corporations and community development corporations to plan for implement business development programs in all areas of Berkeley.

POLICY 13.2

Explore ways to assist both local individuals, local development corporations, and community development corporations to establish new businesses in Berkeley.

The Need For Priorities And Programs

These policies and objectives outline the general direction that both public and private economic development activities in Berkeley should take. Specific programs are needed to implement these objectives. The next section of this plan will identify those programs and priorities that the City should consider--and will present an outline of the organizations the City should sponsor to implement them.



## Chapter Four

### ORGANIZATIONS AND PROGRAMS FOR ECONOMIC DEVELOPMENT

#### I. Introduction

The objectives, goals, and policies outlined in the previous chapters provides a framework and guidelines for economic development planning and decision making. In this final chapter, we will discuss implementation.

#### II. Priorities For Berkeley

The fabric of Berkeley's economy needs repair at many points. High unemployment rates need urgent attention; the downtown needs revitalization; commercial strips need regeneration, particularly in South Berkeley; retail sales need stimulation. The list is long; addressing these problems needs a careful plan of action, based upon a clear sense of priorities.

The priorities show where the City should deploy its limited resources and where private investment should be encouraged in order to generate the maximum payoff to the City in economic improvement.

The programs and strategies that are presented in this chapter are premised upon the following overall priorities for Berkeley:

- Berkeley's high unemployment rate must be reversed. Effective programs are required that provide opportunities through which hardcore unemployed people, particularly in South Berkeley, may acquire the skills, work habits and job opportunities that can give them a chance to find productive and meaningful work.

- Every effort should be made to retain businesses, particularly those that contribute substantially to Berkeley's tax and employment bases. Although there are some encouraging signs that the exodus of businesses from Berkeley has slowed substantially in recent months, the problem still warrants concerted actions by the City. It is clear that it is much easier to convince firms that are already here--perhaps anchored with a large capital investment--to remain and expand than it would be to attract new firms into the City.
- Economic revitalization in South Berkeley should have high priority in allocation of the City's resources. The focus of economic revitalization or improvement programs should be concentrated in two commercial centers: (1) lower Sacramento Street and (2) Adeline-Alcatraz. In addition, attention should be given to helping businesses along South San Pablo Avenue, between University Avenue and the Oakland border.
- Central Business District revitalization should be encouraged, primarily through private initiative. The persistent decline that retail activity has suffered in this area over the past twenty years must be addressed. Moreover, other programs that deal with high-priority problems, such as turning the City's high unemployment rate around, depend very much upon a vigorous economy in the downtown, one that generates new job opportunities, and produces substantial new revenues for the City.

These priorities suggest where to place the emphasis in expending City resources. The next step is to determine the broad sets of activities that the City should encourage in order to stimulate economic growth. These general activities constitute this plan's strategies for economic development.

### III. Strategies for Business Development

The following specific strategies are designed to meet the needs of the business community and to solve the problem of decline in business activity in Berkeley. Other strategies will be developed by the City's economic development organizations, so that all of the policies presented in Chapter 4 of this plan may be implemented. It is important to note that while not all of the policies in Chapter 4 are specifically addressed below, all of them are important to the full economic development of the City.

#### 1. BUILD CONFIDENCE IN THE BUSINESS COMMUNITY AND REDUCE BUSINESS DEVELOPMENT UNCERTAINTIES.

- Clarify zoning regulations so that commercial organizations will know more precisely what is allowed.
- Educate the community at large to the needs of business and economic development.
- Encourage community groups to become involved in their own economic development projects.
- Provide a resource center to assist businesspersons.

#### 2. PROVIDE BUSINESS MANAGEMENT ASSISTANCE AND TRAINING TO NEW AND EXISTING BUSINESSES.

- Provide business planning and plan preparation.
- Provide management counseling and training.
- Establish a professional advisory pool.
- Provide technical assistance in preparing marketing and financial feasibility studies.

3. PROVIDE INFORMATION, COORDINATION, AND TECHNICAL ASSISTANCE FOR OBTAINING SOURCES OF CAPITAL FOR NEW AND EXISTING BUSINESSES IN THE FOLLOWING AREAS:
  - Loan packaging technical assistance.
  - Grant and proposal writing.
  - Research and development on Regional, State, and Federal business loan programs and economic development grant programs.
  - Coordination of grant and loan research and development with overall development planning efforts.
4. PROVIDE RESEARCH AND DEVELOPMENT ON NEW PRODUCTS AND NEW MARKET OPPORTUNITIES FOR NEW BUSINESS VENTURES AND EXISTING BUSINESS EXPANSION.
  - Identify goods and services which meet local demand and which serve regional markets.
  - Identify and encourage innovation industrial and manufacturing concerns, particularly those that employ capital savings in production methods.
5. COORDINATE AND DEVELOP SPECIFIC AREA ECONOMIC DEVELOPMENT PROGRAMS.
  - Develop specific area plans.
  - Coordinate with merchants, landowners, city agencies and the community.
  - Coordinate plans with Regional, State and Federal Economic development grant programs.
  - Coordinate specific area plans with ongoing and related city programs.
  - Identify the types of businesses for which there is a market in the area.
6. PROVIDE INFORMATION, COORDINATION, AND ASSISTANCE IN LOCATING DESIRABLE LAND AND FACILITIES FOR NEW AND EXISTING BUSINESSES, INCLUDING:
  - Relocation assistance.
  - Promotion of local investment in land and facilities for new and existing businesses.



- Information on, and establishment of a clearinghouse for matching new and existing business tenants and/or buyers with new and existing facilities.

7. PROVIDE FOR ADEQUATE INFRASTRUCTURE.

- Improve the quality of the streets in the industrial area.
- Provide adequate parking facilities throughout the City.
- Improve the physical appearance of streets and neighborhoods.

8. IDENTIFY A QUALIFIED LOCAL LABOR POOL AND CONDUCT A JOB PLACEMENT PROGRAM WITH LOCAL EMPLOYERS.

- Provide information on local employment opportunities.
- Coordinate with existing job development programs.
- Encourage vocational and professional apprenticeship programs with local businesses.
- Sponsor a study to determine why Berkeley's unemployment rate is as high as it is, and what skills training are needed to alleviate Berkeley's disproportionately high level of unemployment.
- Arrange with the Berkeley School System and regional job training programs to provide unemployed residents, particularly the currently unemployed, with training in the skills needed by Berkeley employers.

#### IV. The City's Role

Although the primary thrust of economic development must come from private enterprise, the City can provide the catalyst for this private investment to occur. This plan recommends that the City take the following steps to provide this catalyst:

A. City Development Organizations

Although during the past few years the City has developed an economic planning capability, it has had only limited experience with implementing economic programs. It is necessary to develop capabilities, which in general, require the establishment--or continuance--of specific organizations assigned specific roles in the field of economic development. These organizations are:

1. Economic and Business Development Coordinator. This position, which has been authorized by the City Council, would serve to coordinate the City's various economic development activities, including those by the Redevelopment Agency, CETA, Public Works and the Housing Department. In addition, the coordinator would recommend to the City Manager proposals to make the City's administrative machinery more responsive to business needs. Finally, the coordinator would explore means to encourage businesses to locate in Berkeley and would supervise the activities of the staff advisory team.

2. Staff Advisory Team. An internal staff capability should be organized to provide technical assistance to local non-profit economic development groups, particularly in the preparation of area-wide economic development plans.

This group should consist of senior staff people who possess expertise in those fields pertinent to economic development. Staff members should be assigned specifically to this task force. The task force concept implies reassignment of some duties and does not imply an increase in staff.

- Comprehensive Planning Department.

- (1) An economic planning specialist to provide general advice on economic trends, economic impact analyses, grant sources, and possible tie-ins with regional development plans.

(2) An urban design planner to provide general advice on overall physical development standards and design criteria.

- Public Works Department. An engineer to provide advice on the utility requirements associated with specific projects or area improvement plans.
- Finance Department. A finance specialist to evaluate fiscal implications of proposed projects and area plans, and prepare proposals to finance public costs where necessary.
- Housing Department. A housing program planner to provide information on advice on housing rehabilitation and construction aspects of projects or area plans, and on housing assistance programs.

B. City Economic Stimulus Programs

1. Capital Assistance

The City can do a great deal to help generate the funds that any successful development program requires. The following programs are designed very largely to assist private businesspeople and organizations to obtain funds:

a. The City should investigate the possibility of using its redevelopment powers to finance the revitalization of certain commercial areas of the City, particularly in downtown. The redevelopment agency would be an ideal means through which the City could raise money for remodelling and restoring buildings of historic value. Recent California laws have given redevelopment agencies a larger variety of methods to finance such ventures than were previously available.

b. The City should establish a modest revolving loan fund to be used by local businesspeople and business development organizations, such as Local Development Corporations, to improve existing facilities or to establish new businesses. In particular, this fund could provide loans to SBA-sponsored Local Development Corporations in order to provide the "local share" of loans to

businesspeople. The amount of this fund, which could be funded from the City's Block Grant revenues, should be approximately \$150,000.

## 2. Local Employment

a. Studies have shown that Berkeley employers--particularly those in the industrial area--employ relatively few Berkeley residents. Partly because local employers have not recruited locally, it has been difficult for local people to find out about job openings, except on an ad hoc basis.

In order to overcome this problem, the City should establish a local job file to be maintained by the City's new Office of Employment and Community Programs in conjunction with the Business and Economic Development Coordinator. Through its routine duties of providing a range of assistance programs for local businesses and development organizations, this office will be in an ideal position to learn about new job opportunities at a very early stage--perhaps weeks or in some cases months before businesses actually begin to recruit employees. The coordinator should encourage these businesses to employ local people. Information about these current and projected employment needs should be recorded and made available to all local employment development programs.

b. Job training programs in which Berkeley residents are enrolled should be evaluated for effectiveness, and alternative programs should be developed if necessary.

## 3. Project and Area Planning

The City should encourage the formation of task forces to prepare specific plans for the economic improvement of areas in Berkeley or for designing and implementing business development projects.

### C. An Economic Development Corporation

Federal policies and grant funding programs for economic development activities increasingly emphasize the importance of community involvement and initiative in



the entire economic development planning and implementation process. President Carter's recently announced Urban Strategy has made it clear that public funds for economic development activities in the future will be largely allocated to those cities that have demonstrated the successful coordination of economic development efforts by public and private community groups acting in concert. Moreover, the type of planning that shows a partnership between public and private enterprise where political control of the private investment process is kept to a minimum, in particular will receive priority consideration by federal and state agencies awarding grant funds for community economic development.

An effective means of assuring such cooperation, one that is becoming a model increasingly used by cities throughout the country to stimulate economic development and meet the needs of local businesses, is a quasi-public citywide, or community, economic development corporation (CEDC). Such an organization is particularly appropriate for Berkeley.

In general, Economic Development Corporations have the following characteristics:

- Staff is employed by the corporation, not city government. They are responsible to a governing board, which is only indirectly controlled by City administration.
- They are legally private, non-profit corporations, not municipal corporations, which are essentially government agencies. This status provides them with more flexible powers than municipal corporations possess.
- Their governing boards are typically composed of business, labor, community and civic group representatives, as well as representatives from local government.
- Although they frequently engage in neighborhood commercial and residential development projects, their scope of activities typically includes the entire city.

In Berkeley, the Community Economic Development Corporation would act as a catalyst for economic development; it would provide a basic resource through which businesspeople and potential entrepreneurs can shape and crystalize their ideas for businesses and development improvement projects into tangible business ventures. The Community Development Corporation would not, except possibly in rare cases, own land or facilities, nor engage in redevelopment activities. Its primary function would be to encourage and strengthen business activity largely by providing ideas, resources, information, and coordination.

1. The Role of Coordination.

Coordinating technical assistance to new and existing businesses, obtaining information valuable to the business community, and implementing long-range planning for overall economic development are the essential factors in meeting Berkeley's business and economic development needs. Each of these activities is interrelated and reinforces each other, just as the primary problems facing the business community are interrelated and reinforce the overall decline in business activity and economic growth. In order for a method of solving these many problems to be most effective, it must incorporate an overriding concept of coordination:

- Coordination of resources
- Coordination of information
- Coordination of assistance
- Coordination of feedback from the community
- Coordination of planning

Proper coordination will allow for the greatest flexibility in responding to the problems and needs of the business community as well as to the changing status of the economy in general. Coordination, flexibility in approach, and momentum suggest consolidation of activities into one primary organizational body directly responsive to the community. Some of the specific advantages of such an organization are that it:

- Provides an identifiable place within the community where new and existing businesses are assured of receiving comprehensive assistance.
- Provides a centralized data-base for obtaining and disseminating information and educating the community to economic development.
- Identifies resources available to the community and uses those resources to their greatest economic potential.
- Increases the chances of obtaining additional income for the City through the coordination of economic development programs with Regional, State, and Federal grant programs.
- Increases the effectiveness of city government decision-making by providing continuing feedback to and from the business community.

## 2. Effective Planning.

Creating one organizational body, however, does not guarantee effective planning and implementation. Experience has shown that large redevelopment organizations tend to lose touch with their constituencies--the people they are supposed to serve--and impose plans from "above."

The key to effective planning and implementation is to give people the tools for development planning and problem-solving ideas, and the confidence to take responsibility for following through on those ideas. If people are convinced that their problem-solving ideas can be transmitted effectively into the decision-making process, they will become more involved with it. People will take the responsibility for implementing economic development activities in their communities if they feel they have had a part in creating the ideas for solving the problems and improving their environments.

Therefore, an organization that can spark this creative idea-producing input from the community must have built-in mechanism for both educating the community and for using the eventual input in the decision-making and planning process.

A detailed suggestion for the community economic development corporation for Berkeley that could achieve these objectives is proposed in Appendix A.

## V. Conclusion

These programs and organizations are designed to promote and stimulate economic development activities largely in the private sector. These activities should be directed to achieve the economic objectives outlined in Chapter 4. These activities and objectives should introduce a major new impulse to Berkeley's economy. With close involvement and cooperation by all sectors of Berkeley--businesses, property owners, community groups, residents City government, the University of California--in the development process, Berkeley's economic future can be shaped to meet the needs of all the people who live and work in Berkeley.





Appendix A

THE BERKELEY COMMUNITY ECONOMIC DEVELOPMENT CORPORATION



## APPENDIX A

### THE BERKELEY COMMUNITY ECONOMIC DEVELOPMENT CORPORATION

In this appendix, an outline of the structure and functions for a City-wide Community Development Corporation for Berkeley will be presented. Although many alternatives for such a corporation are possible, it is felt that this proposal offers the most effective means for meeting the needs of Berkeley's business community and thereby encouraging and supporting economic development. Therefore, this appendix will present first a summary of the most important problems affecting local businesses, and then an outline of the organization and operations of the proposed corporation designed to address these problems.

#### Major Problems of Local Businesses

##### Negative Business Climate

This problem contains two elements which are interrelated. They are:

- 1) The uncertainty faced by businesses in implementing plans to expand current facilities as well as by new businesses wishing to locate in Berkeley.
- 2) Opposition from and a general lack of understanding by the non-business community regarding the overall needs and objectives of local business development.

##### Inadequate Business Management Expertise

Many businesses have difficulty successfully competing in the marketplace due to a lack of adequate business management skills and experience. These skills range from marketing procedures, inventory control, business planning, personnel management, bookkeeping and accounting methods, and new



product and services identification. A detailed study of the businesses in the Sacramento Street Improvement Project area revealed that more than 80% would benefit substantially if their management practices were improved. Most businesses there indicated they would welcome such assistance.

#### Inadequate Capital Resources

The primary reason why new businesses fail, according to the U.S. Department of Commerce, is inadequate funding, particularly to cover working capital needs during the first few years of operation. The problem is not one of insufficient sources of capital, it is rather one of educating the businessperson to the most effect means of obtaining capital. Loan packaging is the means of obtaining funding from the Small Business Administration and private financial institutions. Grant and proposal writing are the means of obtaining funding from regional, state, and federally-sponsored economic development programs could provide local businesses with potentially large and unique source of capital funding for a variety of business development and community development programs.

#### Loss of Local and Regional Customers for Berkeley Businesses

Just as in many other cities, Berkeley's central business district has lost significant business to regional shopping centers such as Sun Valley and Hilltop. New products and services that will attract both local and regional customers should be identified and encouraged. In addition, plans should be prepared for specific shopping areas, such as the downtown central business district or the Alcatraz-Adeline area. These plans will assure that potential businesses and facilities locating in a specific area will complement each other, thereby maximizing the area's retail potential.

### High Regional Wage Rates and Limited Available Land

Due to high wage rates, many industrial concerns in the City have chosen to relocate to other areas of the country. This problem is compounded by the fact that many conventional capital-intensive industries require considerable land, of which Berkeley has little. On the other hand, high wage rates are of less concern to those businesses that commercially develop new technologies, or are in and of themselves a new industry or are developing a new product.

### Lack of Commercial and Industrial Facilities

A recent Planning Department study has shown that a major reason why industrial concerns are leaving Berkeley is lack of suitable facilities for expansion. Commercial business growth and expansion has also been discouraged due to the lack of desirable facilities. One business recently left Berkeley because it was unable to get the required permits for removing a house on a parcel of land it needed in order to expand.

Eleven manufacturers, or 57.9% of those surveyed in this study, said either the need for additional space or the desire to consolidate their Berkeley facilities (or facilities in other cities) was the primary factor in their decision to move.

### Inadequate Infrastructure

In the industrial areas of the City, the poor quality of the streets has had some negative economic impact on local industrial concerns. In several neighborhood commercial districts, the lack of adequate parking facilities has significantly impacted economic growth. In addition, a concerted effort should be made by the City to keep existing commercial areas clean and attractive and, in general, pleasant places to shop.

### Lack of Information About the Local Labor Force

Although a high unemployment rate by itself does not necessarily discourage economic development, the existence of a qualified local labor pool would provide a strong incentive for businesses to locate or remain in Berkeley. Most local businesses, especially in the industrial area, do not employ many Berkeley residents, nor do they make an effort to recruit them.

These problems will be addressed by the various programs to be conducted by the following citywide development organization.

### The Berkeley Community Economic Development Corporation

In general, the proposed Berkeley Community Economic Development Corporation (BCEDC) is designed to integrate most economic development activities in Berkeley by providing centralized support services and community liaison activities for all local private development groups. Synergy between the business community and the non-business community would be facilitated through the combined efforts of the community liaison program and the business support services program. The role of the BCEDC would be to help existing or new business with their problems, to assist community development organizations prepare business improvement plans, and to promote and stimulate private investment throughout the community. Area planning would evolve out of the interest and participation of individuals and community groups who would have a common interest in a particular economic development activity within a neighborhood or commercial area in the city.

As this plan has noted, economic development in Berkeley must ultimately come from the private sector: from the investment plans and operational decisions made by both small and large businesses, and from development groups and corporations, such as Local Development Corporations (LDCs), Community Development Corporations (CDCs), and from other development associations and groups.



The BCEDC is designed to act as a catalyst for these economic development organizations in triggering economic development activities. It is also designed to mitigate problems incurred between new business activity and the residents of Berkeley by employing creative problem solving techniques and communications skills in mediating difficulties and misunderstandings that many times pose a barrier to economic development.

### Membership

The initial formation of the BCEDC would evolve out of a core group of nine individuals appointed by the City Council who represent a broad base of the community, and who are willing to invest their time and energy in the actual incorporation of the BCEDC. These individuals would then solicit membership from the community; in turn, these members would continue the outreach for additional membership until a reasonable representation of the community is achieved. Concurrently, the core group would draw up the articles of incorporation, including by-laws; then a first meeting would be held to review and approve the articles of incorporation and the by-laws and elect the corporation's board of directors. Members of the core group cannot serve on the initial board of directors of the BCEDC.

Membership would be open to all individuals in the community, either representing themselves or community groups. Each year three annual meetings would be held. These meetings would have two purposes: 1) to acquaint all members with the professional staff of the BEDCD and to update members on the activities of the BCEDC, and 2) to formally invite and register new members to the corporation. Once a year, board elections will be held, and members may vote during these elections after attending two out of the three annual meetings.

Continuing membership in the corporation would depend upon attendance at two out of the three annual meetings per year. Members must, of course, either live, work, or own property within the City of Berkeley.



### Organization and Activities

The BCEDC would consist of a community liaison office, five business support services offices, an advisory/referral committee, and a board of directors, (see Figure C-1 for an outline of the organizational structure). In addition, the BCEDC would establish area-planning "task forces" composed of members who wish to actively participate in an area-wide economic development project, either in a commercial area or in a neighborhood/residential area. Each task force would have the assistance and professional counsel of the business support services staff in the development of their area plans. Community Liaison staff would also assist these task forces in integrating the surrounding community into the project, and in mediating any difficulties that might arise from the surrounding community. (Figure C-2 shows the function of the BCEDC's offices.)

The community liaison program would work to educate all of Berkeley citizens to 1) economic development activities within their own community, 2) the state-of-the-art in economic development throughout the nation, and 3) specific programs designed to create additional opportunities for the individual, the small businessperson, and the developer or private investor. The liaison program would conduct the following activities:

- Conduct an ongoing community education program that will educate and inform the community about successful economic development planning throughout the nation, and of the state-of-the-art of local regional, state, and federal economic planning activities and grant funding programs.
- Encourage feedback from the community. Educate the community to how the BCEDC can work for them, and how ideas and concerns can be transmitted into the BCEDC's decision-making process.

- Represent the ideas and concerns of individuals and citizen's groups in the BCEDC decision-making process.

The five Business Support Services Offices would provide businesses--and community development organizations--with a wide range of technical assistance. These services would help businesses resolve management problems, obtain capital find suitable facilities locally, obtain qualified labor, etc. These offices and their programs are as follows:

- Facilities and Leasing.
- Business Management and Assistance.
- Capital Financing and Loan Packaging.
- New Product and Market Research and Development.
- Employment Development.

Each program would be operated through a specific office.

#### Facilities and Leasing Office

- Gathers and coordinates information on those new and existing businesses wishing to lease facilities, or acquire land to build new facilities.
- Gathers and coordinates information on land and facilities currently available as well as potentially available land and facilities.
- Assists businesses wishing to relocate to Berkeley; advertises land and facilities available to relocating businesses.
- Promotes local investment in land and facilities and works with Local Development Corporations (LDCs).

#### Business Management Assistance Office

- Provides technical assistance in the area of preparing overall business plans, marketing and financial feasibility studies, and establishing accounting, bookkeeping, and inventory control system.

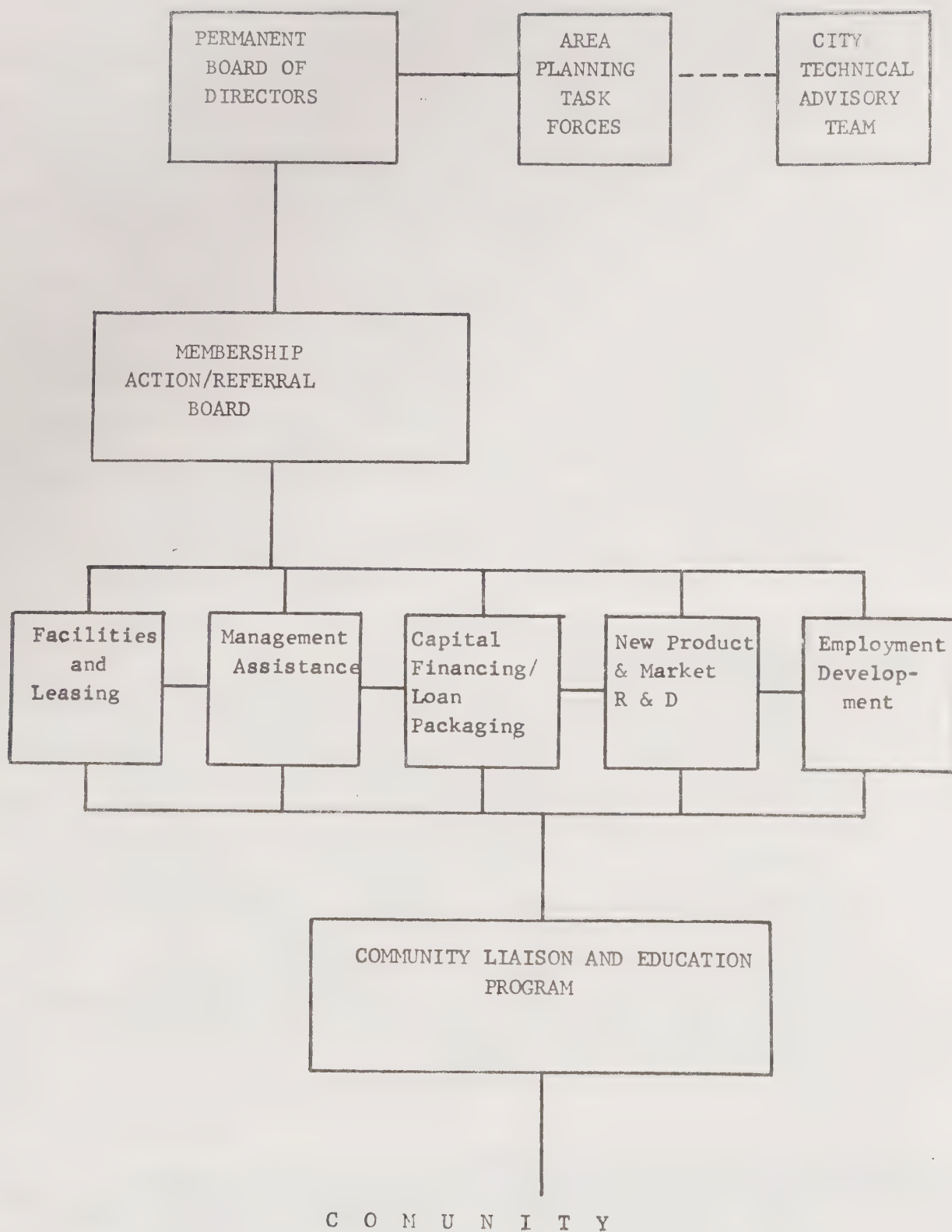


FIGURE C-1: Organizations

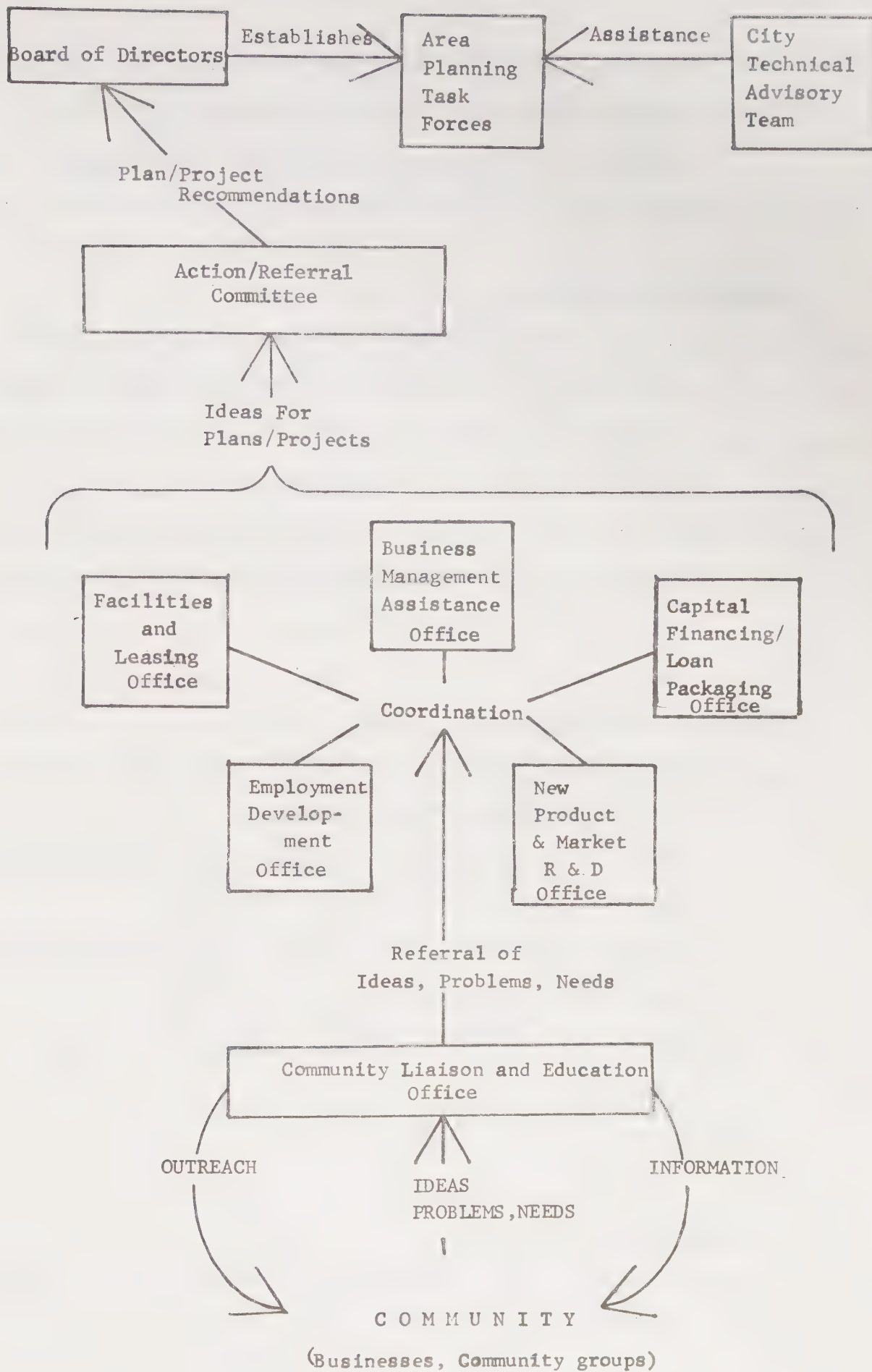


FIGURE C-2: BCEDC Functions



- Establishes a low-cost management training program and conducts an apprenticeship program in management skills.
- Establishes a professional advisory pool from within the business community.

#### Capital Financing Office

- Provides technical assistance for loan application packaging.
- Provides grantsmanship expertise, proposal writing expertise.
- Conducts R & D on Regional, State, and Federal business loan programs, as well as commercial loan programs.
- Provides technical expertise in the field of "leveraging" local, state, and federal grant funding for integrated economic development activities, and specific area planning.

#### New Product and Services R & D Office

- Identifies types of goods and services which meet local demand and which serve regional markets.
- Identifies innovative industrial and manufacturing business ventures that employ capital saving production methods.
- Identifies new technologies, products, and services which have potential regional, national and world-wide demand.
- Provides new and existing businesses with information on new market opportunities.
- Conducts new business outreach program.

#### Employment Development Office

- Coordinates a "job bank" where local employment opportunities and qualified local job candidates are matched.

- Conducts an outreach program to identify local employment opportunities.
- Coordinates with local, existing job placement programs in identifying a qualified local labor pool.
- Promotes vocational and professional apprenticeship programs with local employers.
- Conducts R & D on local, state, and federal employment development programs as they can be integrated with economic development activities.

Every person who seeks help from support services will also be referred to the Community Liaison Office. Therefore, not only will people receive technical assistance, they will be informed about the state-of-the-art of economic development activities, and encouraged by examples of successful economic planning that is happening elsewhere. This, in turn, is intended to stimulate public participation in the decision-making process.

The BCEDC organizational model is meant to evolve over time. Initially, its activities will educate the community and gain their trust by providing a service valuable to them. After community confidence and participation has been established, the longer-term planning functions and integrated problem-solving capacities of the BCEDC can be developed.

#### Action/Referral Committee

The center of the problem-solving/planning/decision-making process of the BCEDC is the Action/Referral Committee. This Committee would consist of individual members of the BCEDC who elect to participate in the corporation's technical assistance functions. All technical assistance staff will also participate in the Committee's decision-making.

This Committee would consist of people closest to the immediate problems concerning economic development. It would consist of professionals and experts

as well as interested members of the BCEDC who are willing to devote their time and energy to being involved in the activities of the BCEDC.

The tasks of the Action/Referral Committee would be:

- Identify needs, concerns, ideas, and interest within the community, (or in specific areas of the community) that can be matched.
- Develop preliminary area plans and ideas for specific economic development activities and programs.
- Direct the Community Liaison staff to conduct an outreach program to determine the extent of community interest in these preliminary plans and ideas.
- Develop feasibility reports on specific area plans and programs.
- Identify a core group of citizens most closely related to and active in the conception of these plans and ideas and recommend them as the "Area Plan Task Force."
- Coordinate technical assistance and Community Liaison staff to assist Area Plan Task Forces in the development of specific plans.

Essentially, the Action/Referral Committee would identify economic development programs and projects, including economic development plans for geographical areas of the City, for which it feels there is sufficient community and business interest to warrant further study and detailed planning. The Committee would recommend these proposals to the Board of Directors for approval.

#### Board of Directors

The Board of Directors would review--and approve, deny or modify--the recommendations provided by the Action/Referral Committee. When approved, the Board would appoint a Task Force from the names submitted by the Action/Referral Committee.

### Area Plan Task Forces

The members of an Area Plan Task Force should be active and interested citizens and businesspeople most closely involved and affected by the specific area plan being developed, or the economic development activity or program being proposed. If the implementors are indigenous to the area being developed, or if they represent the "prime movers" in a particular economic development program or activity, they will be their own best spokespersons. They will also have the credibility of the neighborhood or area citizens, as they themselves will either live and/or work in that same neighborhood or area. It is this concept--that of allowing the people most directly affected by planning to implement planning decision-making--that takes the burden of "winning over the community." It allows the community to problem-solve "in-house," and to experience true public participation in the decision-making process.

After preparing a detailed plan, with the assistance of the City staff Advisory Team, the Task Force then would present their plan, and recommendations for action, to city government officials, civic leaders, and community leaders. Specific problem areas relating to the implementation of the plan will have been identified, and ways in which city government processes may be supportive of the plan also identified. A clear, feasible plan, supported and presented by the community it will affect, is then presented to the BCEDC's Board of Directors for final approval--and referral to the City Council for their approval and support.

### Establishing A BCEDC

The operations of the Berkeley Community Economic Development Corporation should be funded largely by local private businesses, City government, and federal and state and private grant sources. Some revenues--perhaps even a



large portion of its operating expenses--should be provided by local businesses which receive technical assistance from this organization's support services division. An agreement to compensate the BCEDC on the basis of a small percentage of the firm's increased revenues that result from BCEDC assistance would seem reasonable. In addition, it is quite possible that a large proportion of the revenues could be provided through Federal and State grants. To obtain these grants, however, it is imperative that the following conditions be met:

1. Berkeley must demonstrate positive cooperation between local businesses, City government and representatives of the community as a whole.

Without concrete evidence of this cooperation--or evidence that the City is moving toward this cooperation--there is little hope that Berkeley's development programs will receive significant outside funding. Moreover, planning, talking, proposing will not provide sufficient evidence of this cooperation; positive and direct actions are needed.

2. Concrete evidence of this cooperation must be provided through the planning and execution of at least one successful development project--one that is demonstrably supported by both the community and business, as well as by the City.

The Berkeley Community Economic Development Corporation could undertake or coordinate such a project.

To establish the BCEDC, the following steps might be taken:

(1) The City Council should appoint as soon as possible a nine-person ad hoc organizing committee. This committee would have the following duties:

(a) Contact various businesses and community organizations, to elicit their support for the Corporation and to recruit members.

- (b) Determine the structure and format of the corporation, and the relationship it would have to other, ongoing economic development organizations and activities. In all cases, the BCEDC's scope of activities should be defined in accordance with the activities and programs conducted by other citywide organizations. In other words, the BCEDC should work to support, and not duplicate, the work already undertaken or contemplated.
  - (c) With the technical assistance from City staff, prepare articles of incorporation and by-laws. These articles should be written to meet the Small Business Administration's requirements for a Local Development Corporation, which would then allow the BCEDC to process loans under the SBA "502" Neighborhood Revitalization Program.
- (2) The City should contribute \$10,000 to support this organization; in addition it should designate one staff person to assist the ad hoc group in such matters as planning the organization, preparing its work program, contacting community groups and businesses, and preparing grant applications.
  - (3) Once the BCEDC is established, the ad hoc committee should call a general meeting of all members, at which time the ad hoc committee should dissolve. At this meeting a board of directors will be elected, by-laws approved or amended, and general policies formulated.
  - (4) The board of directors must then decide upon a project to initiate or support:
    - (a) The corporation could identify one or two local existing businesses who need financial assistance, perhaps to relocate into new quarters, or to expand their present facilities. The BCEDC could process SBA "502" loans for these purposes. The "local

injection" for these loans could be provided by a portion of the City's contribution of \$10,000 to establish the BCEDC.

- (b) The BCEDC could work with local organizations, such as Berkeley Architectural Heritage Association and the Landmarks Preservation Commission, to restore buildings in the downtown designated as landmarks.
- (5) Once one or two of these projects are completed or well underway, the BCEDC in connection with the City should prepare jointly grant applications to fund the BCEDC from outside sources.

## Appendix B

### Profile of Berkeley Businesses





TABLE 1: PROFILE OF INDUSTRIAL AREA BUSINESSES 1978

Business Type	SIC No.	No. Firms	Number Employees	1978			
				Gross Receipts (1000s)	% Total of Gross Receipts	% Total Firms	% Total Employees
AGRICULTURE, MINING							
Agricultural Production	01	9	16	993			
Agricultural Services	07	140	292	4382			
Mining	14	1	1	13			
TOTALS		150	309	5388	0.6	3.0	1.2
CONTRACT CONSTRUCTION							
General Building Contractors	15	204	467	11292			
Construction Other Than Buildings	16	12	22	110			
Speical Trade Contractors	17	365	723	13038			
TOTALS		581	1212	24440	2.7	11.8	4.7
MANUFACTURING							
Food & Kindred Products	20	10	202	4304			
Textile Mill Products	22	3	4	3			
Apparel	23	8	13	32			
Lumber and Wood Products							
Except Furniture	24	18	76	2348			
Furniture & Fixtures	25	8	34	655			
Paper & Allied Products	26	0	0	0			
Printing & Publishing	27	105	719	19029			
Chemicals & Allied Products	28	23	1828	84671			
Petroleum Refining & Related Industries	29	3	27	1023			
Rubber & Misc. Plastic Products	30	4	101	2970			
Leather & Leather Products	31	3	82	2690			
Stone, Clay, Glass, Concrete	32	12	20	443			
Primary Metal Industries	33	6	590	20803			
Fabricated Metal Products	34	22	460	13288			
Machinery Except Electrical	35	22	493	13387			
Electrical Machinery	36	14	246	5861			
Transportation Equipment	37	4	9	228			
Professional Instruments							
Photographic, Optical	38	14	350	9666			
Miscellaneous Manufacturing	39	42	298	6896			
TOTALS		321	5552	188298	20.8	6.5	21.6



TABLE 1: PROFILE OF INDUSTRIAL AREA BUSINESSES 1978

Business Type	SIC No.	No. Firms	Number Employees	1978			
				Gross Receipts (1000s)	% Total of Gross Receipts	% Total Firms	% Total Employees
TRANSPORTATION, COMMUNICATION							
Local and Suburban Transit	41	73	79	3338			
Motor Freight Transportation and Warehousing	42	46	135*	2795			
Water Transportation	44	0	0	0			
Transportation Services	47	24	126	2590			
Communication	48	7	391	22541			
Electric, Gas, and Sanitary Service	49	2	58	38273			
TOTAL		152	789	69537	7.7	3.1	3.1
WHOLESALE TRADE							
Wholesale Trade - Durable goods	50						
Motor Vehicles and Equipment	501	15	39	1922			
Drugs, Chemicals and Allied Products	502	8	15	222			
Piece Goods, Notions, Apparel	503	25	39	2445			
Groceries and Related Products	504	3	13	1123			
Farm Product-Raw Materials	505	4	43	1688			
Electrical Goods	506	15	42	1885			
Hardware, and Plumbing and Heating equipment and Supplies	507	7	19	2388			
Machinery, Equipment and Supplies	508	46	256	12223			
Miscellaneous Wholesalers	509	52	369	5764			
Total		175	835	29660	3.3	3.6	3.3
Wholesale Trade - Nondurable Goods	51	248	725	35648	3.9	5.0	2.8
TOTAL		423	1560	65308	7.2	8.6	6.1

\*Derived from ration in proportion to 1977 - 1978 figures based on average of employees per year.





TABLE 1: PROFILE OF INDUSTRIAL AREA BUSINESSES 1978

Business Type	SIC No.	No. Firms	Number Employees	1978			
				Gross Receipts (1000s)	% Total of Gross Receipts	% Total Firms	% Total Employees
RETAIL TRADE							
Building Materials, Hardware, and							
Mobile Home Dealers	52	25	187	12349			
General Merchandise	53	27	362	13901			
Food Stores	54	134	786	74127			
Automotive Dealers and							
Gasoline Service Stations	55	98	716	68600			
Apparel and Accessory Stores	56	90	291	13336			
Furniture	57	109	384	23812			
Eating & Drinking Places	58	266	1896	42170			
Miscellaneous Retail Stores	59	479	1948	66341			
TOTALS		1228	6570	314636	34.8	24.9	25.6
FINANCE, INSURANCE AND REAL ESTATE							
Credit Agencies Other Than Banks	61	17	170	10208			
Security and Commodity Brokers	62	8	40	861			
Insurance	63	2	1	186			
Insurance Brokers and							
Service	64	15	66	799			
Real Estate	65	86	283	4769			
Combinations of Real Estate,							
Insurance, Loans, Law Offices	66	11	20	376			
Investment Companies	67	4	2	187			
TOTALS		143	582	17386	1.9	2.9	2.3



TABLE 1: PROFILE OF INDUSTRIAL AREA BUSINESSES 1978

Business Type	SIC No.	No. Firms	Number Employees	1978				
				Gross Receipts (1000s)	% Total of Gross Receipts	% Total Firms	% Total Employees	
SERVICES								
Hotels	70	14	111	4471				
Personal Services	72	277	560	7675				
Miscellaneous Business Services	73	423	1127	19971				
Automobile Repair, Services and Garages	75	148	475	13207				
Miscellaneous Repair Service	76	100	170	3644				
Motion Pictures	78	28	129	3369				
Recreational Services	79	71	209	2369				
Medical & Health Services*	80	510	4709	143049				
Legal Services	81	89	208	5950				
Educational Services	82	63	284	3218				
Social Services	83	37	127	1796				
Museums, Art Galleries	84	1	275	19				
Membership Organizations	86	17	239	1247				
Miscellaneous Services	89	145	444	10376				
TOTALS		1923	9067	220361	24.3	39.1	35.4	
GRAND TOTALS		4921	25641	905354	100	99.9**	100	

\*Includes Alta Bates and Herrick Hospitals which are not included in the City's Business License Data Analysis  
 \*\*Does not add up to 100 because of rounding.

NOTE: This report does not include the University of California





Appendix C

TAXABLE RETAIL SALES FOR SEVEN DISTRICTS



Table 1

TAXABLE TRANSACTIONSCENTRAL BUSINESS DISTRICT

Thousands of Current Dollars

RETAIL CATEGORY	1965	1966	1967	1969	1970	1971	1972	1973	1974	1975	1976	1977
Apparel	4,143	4,135	4,070	4,107	4,148	3,961	4,068	4,080	4,563	4,671	4,777	5,229
General Merchandise	[10,786]	10,615	10,629	[10,549]	[10,512]	[10,197]	[10,054]	[10,720]	[11,491]	[12,240]	[12,072]	[9,737]
Drugs		523	511									
Packaged Liquor	-	-	-	-	-	-	-	-	-	-	-	-
Eating and Drinking	1,006	1,110	1,338	2,544	2,782	2,596	3,242	3,701	4,799	5,484	4,853	5,779
Home Furnishings and Appliances	2,022	2,422	2,837	3,383	2,995	3,020	2,812	2,919	2,702	2,443	3,031	5,339
Building Materials	1,135	1,133	1,245	1,339	1,342	1,382	1,364	1,462	1,541	1,641	2,432	2,501
Automotive	11,792	10,589	9,614	11,315	10,471	10,682	10,567	11,224	10,311	10,331	11,851	15,170
Service Stations	-	-	-	-	-	-	-	1,762	2,270	2,636	2,573	2,753
Specialty <sup>1/</sup>	5,256	5,332	5,580	6,065	6,354	6,908	6,474	6,578	7,337	7,933	8,887	11,213
TOTAL SALES	36,140	35,859	35,824	39,302	38,604	38,746	38,584	42,446	45,014	47,379	50,476	55,721

<sup>1/</sup> Vendor Sales Excluded.

Note: Food Excluded.

SOURCE: State Board of Equalization.  
Berkeley Planning Department.



Table 2

TAXABLE TRANSACTIONSSATHER GATE

Thousands of Current Dollars

RETAIL CATEGORY	1965	1966	1967	1969	1970	1971	1972	1973	1974	1975	1976	1977
Apparel	2,969	3,215	3,514	5,059	5,330	5,285	5,355	7,568	8,716	9,681	9,386	9,298
General Merchandise	418	433	561	[1,197]	[1,162]	[1,267]	[1,187]	[1,186]	[1,211]	[1,341]	[1,184]	[1,080]
Drugs	519	523	545	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Packaged Liquor	-	-	-	-	-	-	-	-	-	-	-	-
Eating and Drinking	1,799	2,147	2,349	2,829	2,759	2,989	3,453	3,711	4,126	4,228	4,798	4,659
Home Furnishings and Appliances	878	939	965	836	692	757	#	#	[940]	[995]	[973]	#
Building Materials	-	-	-	-	-	-	-	-	[ ]	[ ]	-	-
Automotive	-	-	-	-	-	-	-	-	-	-	-	-
Specialty 1/	4,852	5,149	4,651	6,529	6,200	6,738	8,350	9,383	9,615	11,179	12,210	14,857
TOTAL SALES	11,435	12,406	12,585	16,450	16,143	17,036	18,345	21,848	24,608	27,424	28,550	29,864

# Included in Specialty Stores.

1/ Vendor Sales Excluded.

Note: Food and Service Stations Excluded.

SOURCE: State Board of Equalization

Berkeley Planning Department

Table 3

TAXABLE TRANSACTIONSSAN PABLO-UNIVERSITY

Thousands of Current Dollars

RETAIL CATEGORY	1965	1966	1967	1969	1970	1971	1972	1973	1974	1975	1976	1977
Apparel												
General Merchandise	586	580	593	550	536	514	431	461	518	578	586	605
Drugs												
Packaged Liquor	313	327	376	689	737	740	705	717	721	793	765	781
Eating and Drinking	1,218	1,256	1,366	1,280	1,274	1,405	1,867	1,915	1,758	1,815	2,038	2,077
Home Furnishings and Appliances	396	277	291	*	235	*		*	*		*	[1,095]
Building Materials*	*	*	*	*	*	*		*	*		*	
Automotive	526	437	459	574	565	*		*	*		*	*
Service Stations	-	-	-	-	-	-	-	1,450	1,706	1,598	1,684	1,980
Specialty <sup>1/</sup>	653	669	655	869	796	1,192	1,277	1,386	1,296	1,343	1,647	953
TOTAL SALES	3,692	3,546	3,740	3,962	4,143	3,851	4,280	5,929	5,999	6,127	6,720	7,491

<sup>1/</sup> Vendor Sales Excluded.

\* Included in Specialty Sales.

Note: Food Excluded.

SOURCE: State Board of Equalization.  
Berkeley Planning Department.

Table 4

TAXABLE TRANSACTIONSSOLANO

Thousands of Current Dollars

RETAIL CATEGORY	1965	1966	1967	1969	1970	1971	1972	1973	1974	1975	1976	1977
Apparel												
General Merchandise }	259	286	267	291	290	298	308	321	363	408	482	918
Drugs												
Packaged Liquor	1,101	1,161	1,257	[2,013]	[2,020]	[2,193]	[2,674]	[3,002]	[3,318]	[3,912]	2,024	2,012
Eating and Drinking	232	218	255	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	2,375	2,199
Home Furnishings and Appliances }	391	401	525	711	685	683	665	781	722	795	930	1,107
Building Materials }												
Automotive	-	-	-	-	-	-	-	-	-	-	-	-
Service Stations	-	-	-	-	-	-	-	#	#	847	911	*
Specialty <sup>1/</sup>	284	302	338	360	355	435	390	1,145	1,348	616	780	955
TOTAL SALES	2,267	2,368	2,642	3,375	3,350	3,609	4,037	5,249	5,751	6,578	7,502	8,211

# Included in Specialty Sales.

<sup>1/</sup> Vendor Sales Excluded.

Note: Food Excluded.

SOURCE: State Board of Equalization.  
Berkeley Planning Department.

Table 5

TAXABLE TRANSACTIONSELMWOOD

Thousands of Current Dollars

<u>RETAIL CATEGORY</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
Apparel	[ ]	[ ]	[ ]	219	207	[ ]	[ ]	[ ]	[ ]	342	401	445
General Merchandise	398	389	416	[358]	[395]	556	529	556	572	[405]	[343]	[317]
Drugs	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Packaged Liquor	-	-	-	-	-	-	-	-	-	-	-	-
Eating and Drinking	69	71	83	123	183	325	547	588	693	789	455	444
Home Furnishings and Appliances	312	333	346	385	396	387	378	418	482	478	425	566
Building Materials												
Automotive	-	-	-	-	-	-	-	-	-	-	-	-
Specialty <sup>1/</sup>	822	868	966	960	1,068	1,170	1,049	1,316	1,588	1,889	2,026	2,133
TOTAL SALES	1,601	1,661	1,811	2,045	2,249	2,438	2,503	2,878	3,335	3,903	3,650	3,905

<sup>1/</sup> Vendor Sales Excluded.

Note: Food and Service Stations Excluded.

SOURCE: State Board of Equalization,  
Berkeley Planning Department.

Table 6

TAXABLE TRANSACTIONSADELPHI-ALCATRAZ

Thousands of Current Dollars

<u>RETAIL CATEGORY</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
Apparel												
General Merchandise	*	243	373	372	206	150	96	199	212	185	168	100
Drugs												
Packaged Liquor	576	616	610	*	*	*	*	*	*	[ 530 ]	[ 500 ]	[ 417 ]
Eating and Drinking	192	204	244	235	181	228	273	310	283	[ 530 ]	[ 500 ]	[ 417 ]
Home Furnishings and Appliances	*	*	*	*	*	*	*	*	*	[ ]	*	*
Building Materials	*	*	*	*	*	*	*	*	*	[ 259 ]	*	*
Automotive	-	-	-	-	-	-	-	-	-	-	*	*
Specialty <sup>1/</sup>	283	219	280	600	627	552	519	534	542	22	310	270
Total Sales	1,051	1,282	1,507	1,207	1,014	930	888	1,043	1,037	996	978	787

<sup>1/</sup> Vendor Sales Excluded.

\* Included in Specialty Sales.

Note: Food and Service Stations Excluded.

SOURCE: State Board of Equalization.  
Berkeley Planning Department.



Table 7

TAXABLE TRANSACTIONSNORTH SHATTUCK

Thousands of Current Dollars

<u>RETAIL CATEGORY</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
Apparel				145	119
General Merchandise	783	1,007	1,057	[988]	[1,121]
Drugs					
Packaged Liquor	-	-	-	-	-
Eating and Drinking	527	763	1,001	964	1,008
Home Furnishings and Appliances	#	#		*	*
Building Materials	#	#	[2,401]	*	*
Service Stations	#	#		*	*
Automotive	-	-	-	-	-
Specialty <sup>1/</sup>	2,532	2,834	878	3,193	3,773
TOTAL SALES	3,842	4,604	5,337	5,290	6,021

<sup>1/</sup> Vendor Sales Excluded.

# Included in Specialty Sales

Note: Food Excluded.

SOURCE: State Board of Equalization.  
Berkeley Planning Department.

Table 8

TAXABLE TRANSACTIONSCENTRAL BUSINESS DISTRICT

Thousands of 1967 Dollars

<u>RETAIL CATEGORY</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
Apparel	4,383	4,226	4,070	3,741	3,567	3,268	3,246	3,068	3,094	2,896	2,804	2,881
General Merchandise	[11,412]	10,849	10,629	[9,610]	[9,040]	[8,413]	[8,023]	[8,061]	[7,791]	[7,589]	[7,086]	[5,365]
Drugs		535	511									
Packaged Liquor	-	-	-	-	-	-	-	-	-	-	-	-
Eating and Drinking	1,064	1,134	1,338	2,317	2,393	2,142	2,587	2,783	3,254	3,400	2,848	3,184
Home Furnishings and Appliances	2,139	2,475	2,837	3,082	2,576	2,491	2,246	2,195	1,832	1,515	1,779	1,840
Building Materials	1,201	1,158	1,245	1,219	1,154	1,140	1,088	1,099	1,045	1,017	1,427	1,378
Automotive	12,478	10,822	9,614	10,308	9,005	8,813	8,432	8,440	6,991	6,405	6,956	8,359
Service Stations	-	-	-	-	-	-	-	1,325	1,539	1,634	1,510	1,517
Specialty	5,561	5,449	5,580	5,525	5,464	5,699	5,166	4,947	4,974	4,918	5,216	6,178
TOTAL SALES	38,236	36,647	35,824	35,804	33,199	31,965	30,790	31,918	30,519	29,375	29,629	30,702

Note: Food Excluded.

SOURCE: State Board of Equalization.  
Berkeley Planning Department.

Table 9

TAXABLE TRANSACTIONSSATHER GATE

Thousands of 1967 Dollars

<u>RETAIL CATEGORY</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
Apparel	3,141	3,285	3,514	4,609	4,584	4,360	4,273	5,691	5,909	6,002	5,509	5,123
General Merchandise	442	443	561	[1,090]	[999]	[1,045]	[947]	[892]	[821]	[831]	695	579
Drugs	549	535	545	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	-	-
Packaged Liquor	-	-	-	-	-	-	-	-	-	-	-	-
Eating and Drinking	1,903	2,194	2,349	2,577	2,373	2,466	2,755	2,790	2,797	2,621	2,816	2,567
Home Furnishings and Appliances	929	960	965	762	595	625	#	#	[637]	[617]	571	#
Building Materials	-	-	-	-	-	-	-	-	[ ]	[ ]	-	-
Automotive	-	-	-	-	-	-	-	-	-	-	-	-
Service Stations	-	-	-	-	-	-	-	-	-	-	-	-
Specialty	5,133	5,262	4,651	5,948	5,332	5,559	6,662	7,056	6,519	6,931	7,167	8,186
TOTAL SALES	12,098	12,679	12,585	15,068	13,883	14,055	14,639	16,429	16,684	17,003	16,739	16,455

# Included in Specialty Sales.

Note: Food Excluded.

SOURCE: State Board of Equalization.  
Berkeley Planning Department.

Table 10

TAXABLE TRANSACTIONSSAN PABLO-UNIVERSITY

Thousands of 1967 Dollars

<u>RETAIL CATEGORY</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
Apparel												
General Merchandise	620	593	593	501	461	424	343	347	351	358	344	333
Drugs												
Packaged Liquor	331	334	376	628	634	611	562	539	489	492	449	430
Eating and Drinking	1,289	1,284	1,366	1,166	1,096	1,159	1,489	1,440	1,192	1,125	1,196	1,144
Home Furnishings and Appliances	419	283	291	*	202	*	*	*	*	*	*	603
Building Materials	*	*	*	*	*	*	*	*	*	*	*	*
Automotive	557	446	459	523	486	*	*	*	*	*	*	*
Specialty	691	684	655	792	685	983	1,018	1,042	1,156	832	989	1,091
Service Stations	-	-	-	-	-	-	-	1,090	879	991	967	525
TOTAL SALES	3,906	3,624	3,740	3,609	3,563	3,177	3,415	4,458	4,067	3,799	3,945	4,128

\* Included in Specialty Sales.

Note: Food Excluded.

SOURCE: State Board of Equalization.  
Berkeley Planning Department.

Table 11

TAXABLE TRANSACTIONSSOLANO

Thousands of 1967 Dollars

RETAIL CATEGORY	1965	1966	1967	1969	1970	1971	1972	1973	1974	1975	1976	1977
Apparel												
General Merchandise	274	292	267	265	249	246	245	241	246	253	283	506
Drugs												
Packaged Liquor	1,164	1,186	1,257	[1,834]	[1,737]	[1,809]	[2,133]	[2,258]	[2,250]	[2,425]	1,188	1,109
Eating and Drinking	245	223	255	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	1,394	1,212
Home Furnishings And Appliances	414	410	525	648	589	563	530	587	490	493	[546]	[610]
Building Materials												
Automotive	-	-	-	-	-	-	-	-	-	-	-	-
Service Stations	-	-	-	-	-	-	-	#	#	525	535	*
Specialty	300	309	338	328	305	359	311	861	914	382	558	526
TOTAL SALES	2,398	2,420	2,642	3,075	2,881	2,977	3,221	3,947	3,899	4,078	4,404	4,524

# Included in Specialty Sales.

Note: Food and Service Stations Excluded.

SOURCE: State Board of Equalization.  
Berkeley Planning Department.



Table 12

TAXABLE TRANSACTIONSELMWOOD

Thousands of 1967 Dollars

RETAIL CATEGORY	1965	1966	1967	1969	1970	1971	1972	1973	1974	1975	1976	1977
Apparel				200	178					212	235	245
General Merchandise	421	398	416	326	340	459	422	418	388	251	201	175
Drugs												
Packaged Liquor	-	-	-	-	-	-	-	-	-	-	-	-
Eating and Drinking	73	73	83	112	157	268	436	442	470	489	267	245
Home Furnishings and Appliances	330	340	346	351	341	319	301	314	327	296	249	312
Building Materials												
Automotive	-	-	-	-	-	-	-	-	-	-	-	-
Specialty	870	887	966	875	918	965	837	990	1,077	1,171	1,189	1,175
TOTAL SALES	1,694	1,698	1,811	1,863	1,934	2,011	1,997	2,164	2,261	2,420	2,143	2,152

Note: Food and Service Stations Excluded.

SOURCE: State Board of Equalization.  
Berkeley Planning Department.

Table 13

TAXABLE TRANSACTIONSADELIN-ALCATRAZ

Thousands of 1967 Dollars

RETAIL CATEGORY	1965	1966	1967	1969	1970	1971	1972	1973	1974	1975	1976	1977
Apparel												
General Merchandise	*	248	373	339	177	124	76	150	144	115	99	55
Drugs												
Packaged Liquor	609	630	610	*	*	*	*	*	*	[329]	[294]	[230]
Eating and Drinking	203	208	244	214	155	188	217	233	192			
Home Furnishings and Appliances	*	*	*	*	*	*	*	*	*	[161]	*	*
Building Materials	*	*	*	*	*	*	*	*	*			
Service Stations	-	-	-	-	-	-	-	-	-	-	*	*
Automotive	-	-	-	-	-	-	-	-	-	-	*	*
Specialty	299	224	280	547	539	455	414	402	367	14	182	149
TOTAL SALES	1,112	1,310	1,507	1,100	872	767	708	785	703	618	574	434

\* Included in Specialty Sales.

Note: Food Excluded.

SOURCE: State Board of Equalization.  
Berkeley Planning Department.

Table 14

TAXABLE TRANSACTIONSNORTH SHATTUCK

Thousands of 1967 Dollars

<u>RETAIL CATEGORY</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
Apparel				85	66
General Merchandise	589	683	655	580	618
Drugs					
Packaged Liquors	-	-	-	-	-
Eating and Drinking	396	517	621	566	555
Home Furnishings and Appliances	#	#	[ 1,489 ]	*	*
Building Materials	#	#	[ 1,489 ]	*	*
Service Stations	#	#	[ - ]	*	*
Automotive	-	-	-	-	-
Specialty	1,904	1,921	544	1,874	2,079
TOTAL SALES	2,889	3,122	3,309	3,105	3,318

# Included in Specialty Sales.

Note: Food Excluded.

SOURCE: State Board of Equalization.  
Berkeley Planning Department.

Appendix D

CENSUS DATA FOR  
MANUFACTURING, WHOLESALE AND SERVICE INDUSTRIES





TABLE 1. SUMMARY OF BERKELEY'S MANUFACTURING INDUSTRIES\*

<u>SIC GROUPS</u>	<u>DESCRIPTION</u>	<u>NUMBER OF FIRMS</u>			<u>EMPLOYEES</u>			<u>COST OF MATERIALS BOUGHT**</u>			<u>VALUE ADDED**</u>			<u>VALUE OF SHIPMENT**</u>		
		<u>1963</u>	<u>1967</u>	<u>1972</u>	<u>1963</u>	<u>1967</u>	<u>1972</u>	<u>1963</u>	<u>1967</u>	<u>1972</u>	<u>1963</u>	<u>1967</u>	<u>1972</u>	<u>1963</u>	<u>1967</u>	<u>1972</u>
20	Food and Kindred Products	N.A.	15	8	N.A.	1.1	.8	N.A.	37.9	22.6	N.A.	17.4	20.8	N.A.	56.8	43.4
27	Lumber, Wood Products	N.A.	40	57	N.A.	.6	.7	N.A.	3.8	6.7	N.A.	8.0	10.1	N.A.	11.8	16.9
28	Chemicals and Allied Products	N.A.	29	24	N.A.	2.1	1.9	N.A.	47.3	51.6	N.A.	57.9	62.9	N.A.	103.1	111.3
33	Primary Metal Industries	N.A.	10	9	N.A.	.6	.5	N.A.	4.1	6.6	N.A.	8.3	8.0	N.A.	12.3	12.3
34	Fabricated Metal Products	N.A.	35	25	N.A.	.5	.5	N.A.	6.8	6.3	N.A.	8.1	9.2	N.A.	14.3	15.0
35	Machinery Except Electric	N.A.	36	30	N.A.	1.1	1.1	N.A.	12.1	22.6	N.A.	17.5	20.3	N.A.	30.0	42.8
	Other		88	78		2.4	2.9		25.3	19.0		29.7	24.6		56.0	42.9
	<u>TOTALS</u>	263	253	231	8.1	8.4	8.4		137.3	135.4	120.0	146.9	155.9		284.3	284.6

\*Source: Census of Manufactures, 1963, 1967, 1972;  
Area Statistics.  
All values in constant dollars, (1967=100)

\*\*In Millions of 1967 dollars.



TABLE 2: WHOLESALE TRADE FOR BERKELEY AND SELECTED REGIONS\*

<u>Year</u>	<u>U.S.</u>	<u>California</u>	<u>East Bay</u>	<u>Berkeley</u>	<u>Berkeley as a percentage of East Bay</u>	<u>Berkeley as a percentage of California</u>
1963	379,244	37,445,000	3,015,000	102,326	.34	.27
1967	459,476	44,234,000	3,679,000	167,798	.46	.38
1972	583,730	57,983,000	4,978,000	135,012	.27	.23

Source: Census of Wholesale Trade, 1963, 1967, 1972.

\*In thousands of constant dollars - adjusted for the national wholesale price index.

TABLE 11: Number of Firms and Employment in Berkeley's  
Wholesale Trade.

<u>Year</u>	<u>Firms</u>	<u>Employment</u>
1963	146	N.A.
1967	155	2773
1972	141	1254
1973	147	1615
1975	159	1284

Source: For 1963, 1967 and 1972, Census of Wholesale Trade, U. S. Dept. of Commerce;  
for 1973, 1975, Berkeley Planning Department estimates.



TABLE 3: SUMMARY OF SELECTED SERVICES FOR BERKELEY\*

<u>SIC</u>	<u>DESCRIPTION</u>	<u>REAL RECEIPTS **</u>		<u>PERCENTAGE CHANGE IN RECEIPTS</u>		<u>FIRMS</u>			<u>EMPLOYMENT</u>			<u>PERCENTAGE CHANGE IN EMPLOYMENT</u>
		<u>1963</u>	<u>1967</u>	<u>1972</u>	<u>1963-72</u>	<u>1963</u>	<u>1967</u>	<u>1972</u>	<u>1963</u>	<u>1967</u>	<u>1972</u>	<u>1963-72</u>
70	Hotels, Motels	5108.2	4477	5642.8	-10.1	25	28	20	499	531	739	+48.1
72	Personal Services	9667.8	9647	6592.9	-31.8	390	408	321	718	683	549	-23.5
73	Misc. Business	13008.7	12503	23862.4	+83.4	211	292	507	767	982	1391	+81.4
75	Auto Repair	6640.4	6675	8938.9	+34.6	94	93	104	251	332	374	+49.0
76	Misc. Repair	1567.2	1635	3502.0	+123.5	60	62	51	71	65	143	+101.4
78	{ Motion Pictures }	2502.7	1532	{ 1745.8 }	+ 56.3	12	11	21	301	123	{ 273 }	-9 .3
79			1002			43	48	67		71		
	TOTALS	38495.1	37471	52451.2	+36.25	835	942	1091	2607	2787	3469	+33.1

\*Source: Census of Business, 1963, 1967, 1972.  
Selected Services - Area Statistics

\*\*Values in 1000's of 1967 dollars.





Appendix E

DRAFT ENVIRONMENTAL IMPACT REPORT  
BERKELEY ECONOMIC PLAN (ELEMENT)



DRAFT ENVIRONMENTAL IMPACT REPORT  
FOR  
BERKELEY ECONOMIC PLAN (ELEMENT)

LEGAL MANDATES FOR AN ENVIRONMENTAL IMPACT REPORT

The Economic Development Plan for the City of Berkeley, as a new element of the Master Plan, requires an Environmental Impact Report (EIR) under the California Environmental Quality Act (CEQA) of 1970, under the State's Guidelines for Implementation. This report is intended to satisfy those requirements.

According to the CEQA Guidelines, the Environmental Impact Report requirements for a general plan element may be more general than for a specific project. Therefore, the focus will be of a more generalized nature, describing the possible primary and secondary effects of the policies proposed.

The Initial Environmental Impact Study for Berkeley's Master Plan\* includes much of the material describing Berkeley's environmental setting. That study is incorporated herein by reference.

This report will cite appropriate sections of the Master Plan EIS for a description of the environmental framework.

DESCRIPTION OF PROJECT

In response to a report by the Comprehensive Planning Department, the City Council in October, 1976, created an Economic Development Commission to

\*Berkeley, City of. Comprehensive Planning Department, Initial Environmental Impact Study for the Berkeley Master Plan, Berkeley, 1977.

study Berkeley's economy and to prepare an economic plan for the City which would become the Economic Element of Berkeley's Master Plan.

The plan contains a set of objectives and policies that specify business activities to improve Berkeley's economy:

- To alleviate congestion, allow for growth, and avoid a negative interface with surrounding residents, extensive retail growth will not be encouraged in neighborhood commercial areas, but rather the downtown.
- The revitalization of the downtown will occur through the growth of entertainment, theatrical and cultural activities, along with the clustering of specialty shops, the expansion of office space and the development of new housing units, all designed to trigger this sector of Berkeley's economy.
- Recovery of South Berkeley's commercial districts is a priority as is the increase of employment of residents there.
- Programs to encourage industrial development are based on light manufacture, characterized by innovative technology, non-polluting processes and a labor intensive workforce.
- Implementation will be supported by an extensive loan program and the proposed Berkeley Community Economic Development Corporation.

The goals, strategies and policies of the plan (found in Chapter 3), are the areas of possible environmental impact. Since the proposed actions do not describe specific projects, the environmental impacts of most of the recommended actions are of a general nature.

#### DESCRIPTION OF ENVIRONMENTAL SETTING

See pages 4-20 of the Initial Environmental Impact Study for the Berkeley Master Plan. (Therein are the required regional and topographical maps.)

#### THE ENVIRONMENTAL IMPACT OF THE PROPOSED ACTION

##### Industrial Activity

The limited available land in Berkeley is perhaps the primary reason why, under foreseeable possibilities, the growth of industrial activity will not be great or have a substantial impact on the environment of the City.



The possibility of retaining businesses in the industrial area may require the removal of some housing units. The plan only allows this to happen if there is "a significant increase in employment and/or a significant increase in revenue to the City with due consideration to the welfare of the tenants including, but not limited to adequate notice and relocation assistance." In no case however, does the plan allow for the intrusion of industrial businesses into areas presently zoned residential.

The focus of the plan is to encourage local manufacturing concerns to stay and expand while encouraging new industry to be initiated and owned by residents or employees in Berkeley. Existing firms are subject to state, regional and local regulations while, in addition, "new industries," according to the policies of this plan, "should be non-polluting according to current standards, and should minimize disruption and traffic congestion in the surrounding communities."

Thus, the adverse effects of industry, air and water pollution, noise, dust, odors, and unsightly visual effects will tend to lessen over time. Finally, the additional City services demanded by industrial firms will be met, according to plan projections, by increases in revenue from both the expanded and new businesses.

#### Central Business District Activity

An upswing of business in the downtown will be encouraged by means of more complimentary and intensive use of existing space and facilities. The probable new construction that would have most significant impact is office building(s); particularly since demand for office space in the downtown has been increasing. An office building or buildings suggested for the area near the BART station, could also be located on University Avenue, where land is more readily available. No highrise or extensive structures are specifically proposed.

Construction activity can cause disruption in terms of vehicle or pedestrian access. Although noise and dust may be bothersome, measures such as the use of water to keep down the dust can be used to mitigate these impacts. Furthermore, the relatively small scale of construction likely will make such impacts minimal.

Some new construction would undoubtedly change Berkeley's skyline, although the visual impact will have to be assessed in regards to specific projects. Likewise, the climatic effects (wind, shade, and temperature) will have to be assessed in light of specific project designs.

The increasing demand for housing in Berkeley is likely to fuel the replacement of existing and relatively underutilized commercial spaces in and near downtown by multi-family apartments and condominiums. If automotive sales and service facilities were to relocate to San Pablo Avenue, land near the downtown could be freed for housing units.

Whatever the combination of converted or new apartments, new construction is likely to strengthen the visual form of the core area along Shattuck Avenue in the CBD going south through the automotive area. The visual and spatial considerations will be influenced by zoning standards and development policies. Clearly one economic benefit of this new population would be the increase in business and the visibility of resident/patrons in the downtown which will, in turn, attract customers from outside the City.

#### Increased Employment of Berkeley Residents

The expansion of Berkeley businesses and the establishment of new ones presents an opportunity for unemployed and underemployed residents to secure jobs. Berkeley employers should be encouraged to employ more local residents. This is being addressed by features of the plan which call for increased skill development, job training and apprentice programs to be provided by Berkeley employers and the various agencies in the area. Additionally, a "job bank"

is proposed to be administered by the City in conjunction with the State Employment Development Department, the Urban League and the Chamber of Commerce. These two efforts should stimulate recruitment of Berkeley residents by business, a major objective of the plan.

The increased incomes received by Berkeley residents might improve the quality of housing and overall neighborhood life, since residents will have more discretionary income to spend on home improvements. Moreover the increased City revenues will provide income for increased and improved City services affecting the quality of life.

An additional benefit of increased retail, service, and cultural offerings in Berkeley would be in the greater revenue generated for the City and the increase in jobs available to residents. The improved transportation services mentioned above would also have the advantage of making the CBD more accessible to residents, who, as the plan projects, will become part of the new work force, as well as patrons of the downtown.

#### Impacts on Plants and Animals

Impacts on plants and animals will be minimal because there is very little vacant land in the City and development which does take place will most likely occur in locations already built upon.

### ENVIRONMENTAL ANALYSIS

#### Introduction

The Proposed Economic Development Plan objectives and policies have been set forth in matrix form for easier review and analysis (see Table 1, Appendix E). Three general categories of review have been established: Implementation, Environmental Review, and Potential Effects.

## Matrix Definitions

### I. Implementation

1) Existing City Ordinance/Program. This category determines if the policy in question is a reaffirmation of existing legislation or of an ongoing activity.

2) Existing City Policy/Standard. Refers to an accepted policy direction or standards which may guide City programs, however, they may not necessarily be in the stage of implementation. City policies may include guidelines used by Boards and Commissions which provide a framework for decision making. There may be included professional standards such as the location of specific commercial/industrial uses, or even neighborhood input on matters of local concern. Many policies falling in this category are also ones that were first enunciated in the 1955 Berkeley Master Plan and reaffirmed in the 1977 Berkeley Master Plan.

3) Proposed City Ordinance/Program. An Economic Development Plan policy in this category is one that will be implemented through actions by the City or other public agencies.

4) Proposed City Policy/Standard. Presumably, all policies cited in this Economic Development Plan document and adopted by the City Council fall into this category; however, this has generally been reserved for those policies which are of a broad nature and with little specificity but which can be considered projects under the definitions of the California Environmental Quality Act.

5) City Administrative Actions. These actions will usually be in support of adopted programs; however, in some cases they may also refer to ongoing departmental activities.



6) City Land Acquisition. Usually policies subsumed under this heading are related to open space acquisition programs although purchase for other public purposes is also permissible.

7) Control by others (Public/Private). Those policies require substantial actions by outside agencies or private developers for their implementation.

## II. Environmental Review

1) Prior to CEQA/Prior EIR. The proposed actions either pre-date the California Environmental Quality Act (and thus are exempt for its requirements) or they have been enacted subsequently and the appropriate environmental documents have been prepared.

2) Ministerial Actions. Those actions which, pursuant to Section 21080 of the Public Resource Code, are exempt from the requirements of CEQA and no environmental documentation is required. Berkeley's Guidelines for Implementing CEQA" define ministerial action projects as "projects undertaken or approved upon given facts without regard to judgment or opinion concerning the applicable statute, ordinance or regulation may require, in some degree, a construction of its language by the approving officer."

3) Categorically Exempt. A list of exemptions has been established by the City and listed in the above-mentioned Guidelines, pursuant to Section 21084 of the Public Resource Code, which are determined not to have a significant effect on the environment and are non-ministerial. Being exempt, however, does not imply that it should be or will be approved since that decision is often dependent on other than environmental factors. (See also IV. Non-Projects.)

4) Economic Development Plan Element EIR. These are the policies whose impact have been specifically discussed in the balance of this draft EIR. They are not exempt from review under any CEQA category and are defined as



projects. None of the policies placed in this category can be said to have a significant effect on the environment. Significant effect is a substantial adverse impact on the environment.

5) Future Program Environmental Evaluation. Those policies which when implemented, may, by their nature, size and/or potential impact on the environment, require that environmental documents be prepared.

6) Project Level Review. Those policies which will require environmental documentation. An initial study prepared by the lead agency pursuant to Section 15080 of the City's guidelines will determine whether an EIR is needed or a Negative Declaration can be adopted.

### III. Potential Effects

The three categories of Adverse, None, or Beneficial relate specifically to those policies which are evaluated in this Environmental Impact Report. Those policies whose potential environmental impacts are to be established by means of a preliminary analysis are marked "To Be Determined."

### IV. Non-Projects

A policy is not considered to be a project when its physical impacts are not discernible. Guidelines are in CEQA Section 15037.

### ANY ADVERSE ENVIRONMENTAL EFFECTS WHICH CANNOT BE AVOIDED IF THE PROPOSAL IS IMPLEMENTED

The increase in customers seeking goods, services and cultural offerings, combined with a larger work force, would add somewhat to the noise, pollution, traffic congestion and parking problems, impacting adversely on the environment. During commute hours the problems would become even more acute, with the noise factor becoming particularly bothersome.

TABLE 1:  
ECONOMIC DEVELOPMENT PLAN  
MATRIX OF POLICIES

		NON-PROJECT	IMPLEMENTATION						ENVIRONMENTAL REVIEW				POTENTIAL EFFECT						
			EXISTING CITY ORDINANCE PROGRAM	EXISTING CITY POLICY/STANDARD	PROPOSED CITY ORDINANCE/PROGRAM	PROPOSED CITY POLICY/STANDARD	CITY ADMINISTRATIVE ACTIONS	CITY LAND ACQUISITION	CONTROL BY OTHERS (PUBLIC/PRIVATE)	PREFER TO CEQA/PRIOR TO EIR	MINISTERIAL ACTIONS	CALIFORNIA CEQA EXEMPT	ECONOMIC DEVELOPMENT PLAN ELEMENT EIR	FUTURE PROGRAM - EIR	PROJECT LEVEL REVIEW	ADVERSE	NONE	BENEFICIAL	TO BE DETERMINED
1. CBD - CULTURE, RECREATION, ENTERTAINMENT																			
1.1	Location of Such Buildings				X														
1.2	Feasibility of Convention/Conference Center				X														
1.3	Improve Public Amenities				X														
1.4	Alternative Transportation/Peripheral Parking				X														
1.5	Construction of Parking				X														
1.6	Businesses that Complement	X			X			X				X	X					X	
1.7	Rehabilitation of Older Buildings		X		X			X				X	X					X	
1.8	Businesses that Benefit All Classes				X								X					X	
1.9	Automobile Dealers Relocated				X			X				X	X					X	
2. CBD - MULTI-FAMILY APARTMENT UNITS																			
2.1	New Housing Units				X			X						X				X	
2.2	New Apartments For Cross-Section of Residents				X			X						X				X	
2.3	Subsidized Housing Units			X	X			X						X				X	
2.4	Apartments In New and Old Buildings				X									X				X	
2.5	Apartments With Ground Floor and Office Stores							X				X						X	
2.6	Ownership and Rental Apartments							X				X							X



TABLE 1:  
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		EXISTING CITY ORDINANCE PROGRAM	EXISTING CITY POLICY/STANDARD	PROPOSED CITY ORDINANCE/PROGRAM	PROPOSED CITY POLICY/STANDARD	CITY ADMINISTRATIVE ACTIONS	CITY LAND ACQUISITION	CONTROL BY OTHERS (PUBLIC/PRIVATE)	PRIOR TO CEQA/PRIOR TO EIR	MINISTERIAL ACTIONS	CATEGORICALLY EXEMPT	ECONOMIC DEVELOPMENT PLAN ELEMENT EIR	FUTURE PROGRAM - EIR	PROJECT LEVEL REVIEW	ADVERSE	NONE	STATISTICAL	TO BE DETERMINED
TABLE 1: ECONOMIC DEVELOPMENT PLAN MATRIX OF POLICIES																		
3. TO -																		
3.1								X				X						X
3.2												X						
3.3												X						
CBD - OFFICES FOR LOCAL REGIONAL BUSINESSES																		
4.1	X											X					X	
4.2												X						X
4.3	X											X					X	
4.4	X				X						X					X		
5. CBD - SPECIALTY SHOPS																		
5.1					X							X					X	
5.2					X							X					X	





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MATRIX OF POLICIES

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		EXISTING CITY ORDINANCE PROGRAM	EXISTING CITY POLICY/STANDARD	PROPOSED CITY ORDINANCE/PROGRAM	PROPOSED CITY POLICY/STANDARD	CITY ADMINISTRATIVE ACTIONS	CITY LAND ACQUISITION	CONTROL BY OTHERS (PUBLIC/PRIVATE)	PRIOR TO CEQA/PRIOR TO EIR	MINISTERIAL ACTIONS	CATEGORICALLY EXEMPT	ECONOMIC DEVELOPMENT PLAN ELEMENT EIR	FUTURE PROGRAM - EIR	PROJECT LEVEL REVIEW	ADVERSE	NONE	BENEFICIAL	TO BE DETERMINED
TABLE 1: ECONOMIC DEVELOPMENT PLAN MATRIX OF POLICIES																		
6. SMALLER COMMERCIAL DISTRICTS																		
6.1 Block Development with Higher Building			x									x	x				x	
6.2 The City Center			x		x						x		x				x	
6.3 The City Center			x		x								x				x	
6.4 "The City Center Development Center"					x												x	
6.5 The City Center Development Center			x									x					x	
6.6 The City Center Development Center			x									x					x	
7. INDUSTRIAL AREA - NEW, INNOVATIVE BUSINESSES																		
7.1 Environmentally Safe Industrial Products	x																	
7.2 New Business owned by Residents and UC employees	x																	
7.3 Labor Intensive Businesses	x																x	
7.4 Non-Polluting; Non-Traffic Congesting	x	x						x			x						x	
7.5 Increase City's Tax Base	x							x			x						x	
7.6 Residential Units Not Mixed In M Zone						x											x	
7.7 Development of Lower University Avenue								x			x						x	
7.8 Housing Units Can be Replaced					x						x							x
7.9 No Reduction of Industrial Zoned Areas	x		x								x				x			



TABLE 1:  
ECONOMIC DEVELOPMENT PLAN  
MATRIX OF POLICIES

		IMPLEMENTATION							ENVIRONMENTAL REVIEW					POTENTIAL EFFECT						
		NON-PROJECT	EXISTING CITY ORDINANCE PROGRAM	EXISTING CITY POLICY/STANDARD	PROPOSED CITY ORDINANCE/PROGRAM	PROPOSED CITY POLICY/STANDARD	CITY ADMINISTRATIVE ACTIONS	CITY LAND ACQUISITION	CONTROL BY OTHERS (PUBLIC/PRIVATE)	PRIOR TO CEQA/PRIOR TO EIR	MINISTERIAL ACTIONS	CATEGORICALLY EXEMPT	ECONOMIC DEVELOPMENT PLAN ELEMENT EIR	FUTURE PROGRAM - EIR	PROJECT LEVEL REVIEW	ADVERSE	NONE	BENEFICIAL	TO BE DETERMINED	
TABLE 1: ECONOMIC DEVELOPMENT PLAN MATRIX OF POLICIES																				
8. PROMOTE HIRING OF RESIDENTS BY BERKELEY EMPLOYEES																				
8.1 Active Recruitment Efforts		x										x						x		
8.2 Particularly Disabled and Chronically Unemployed												x						x		
8.3 Job Training for Job Skills				x			x					x						x		
8.4 Communication By Employers With Job Development Agencies		x							x			x						x		
8.5 Particularly Those Receiving Aid From the City						x						x						x		
8.6 Training And Apprenticeship Programs		x		x								x						x		
8.7 Revitalization Jobs To Unemployed Minority				x		x	x					x						x		
9. ADEQUATE CITY REVENUES																				
9.1 From Other Than Residential Property		x										x						x		
9.2 City Payroll Tax		x			x							x						x		
9.3 Increase Parking and Marina Fees		x			x							x						x		
9.4 Continue Efforts To Secure Grants		x		x								x						x		
9.5 Limits On Tax Exempt Property		x			x							x						x		
9.6 Tax Incentives For Business		x			x							x						x		
9.7 User Fees From Tax Exempt Properties		x			x							x						x		
9.8 Physical Maintenance of Basic City Functions		x		x								x						x		



TABLE 1:

[illegible]





TABLE 1:  
ECONOMIC DEVELOPMENT PLAN  
MATRIX OF POLICIES

		NON-PROJECT	IMPLEMENTATION						ENVIRONMENTAL REVIEW					POTENTIAL EFFECT				
			EXISTING CITY ORDINANCE PROGRAM	EXISTING CITY POLICY/STANDARD	PROPOSED CITY ORDINANCE/PROGRAM	PROPOSED CITY POLICY/STANDARD	CITY ADMINISTRATIVE ACTIONS	CITY LAND ACQUISITION	CONTROL BY OTHERS (PUBLIC/PRIVATE)	PRIOR TO CEQA/PRIOR TO EIR	MINISTERIAL ACTIONS	CATEGORICALLY EXEMPT	ECONOMIC DEVELOPMENT PLAN ELEMENT EIR	FUTURE PROGRAM - EIR	PROJECT LEVEL REVIEW	ADVERSE	NON-	BENEFICIAL
TABLE 1: ECONOMIC DEVELOPMENT PLAN MATRIX OF POLICIES																		
11. UC BERKLEY AND ECONOMIC DEVELOPMENT (Cont'd)																		
11.3 Task Force With City To Determine Needs		x			x							x					x	
11.4 Continue Meetings With City Groups		x		x								x						x
12. CITY SHOULD IDENTIFY PROBLEMS AND NEEDS																		
12.1 Especially Key Employers; Large Taxpayers; And Those Involved With Environmental Concerns		x				x						x						x
12.2 City Should Identify Problems And Needs						x						x						x
12.3 City Should Find Ways To Help Businesses Stay						x						x						x
12.4 Shorten Time For Permits And Licenses						x				x							x	
12.5 Zoning Regulations And Procedures						x				x							x	
12.6 Functions of the Board of Adjustments						x				x					x			
12.7 Economic Impact Analysis						x						x						x
12.8 Increase Efforts To Keep Commercial Areas Clean			x						x								x	
12.9 Demolition of Housing						x				x				x				x



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13. OWNERSHIP AND CAPITAL FROM BERKELEY																		
13.1 Encourage LDC's and CDC's To Form		x			x							x						x
13.2 Assist Individuals, LDC's and CDC's		x			x							x						x





## MITIGATION MEASURES PROPOSED TO MINIMIZE THE IMPACT

Automobile use is the chief source of adverse environmental impacts. While the plan seeks both resident customers and others living in the region to shop in Berkeley (which means more cars in the CBD), automobile travel by Berkeley residents to shopping centers and commercial districts outside the City may be reduced. Outlying parking areas near the waterfront off of University Avenue and the BART parking lots at the Ashby and North Berkeley stations could be connected to the CBD by a system of shuttle buses and elephant trains and thereby reducing some parking and traffic.

Similarly, alternative transportation systems can be used to take shoppers to other commercial districts while stimulating more extensive use of the BART and AC Transit systems. The increased growth and demand which several commercial districts are experiencing, and is projected for others, may also mean more vehicular traffic. However, careful planning for selective growth in these areas can minimize traffic growth. This is a primary function of the projected area plan task forces suggested in the plan for the Berkeley Community Economic Development Corporation (BCEDC).

## Energy Consumption and Savings

Energy efficient industrial processes will be encouraged for use in both new and existing business. Further, the development of energy saving technology through research facilities in the downtown and production in the manufacturing zone, both called for in the plan, will undoubtedly stimulate their use in Berkeley.

The expansion or concentration of existing industrial facilities in Berkeley offers the possibility of cutting down on energy expended in the movement of facilities and personnel. A further reduction, and more significant, would be for people commuting to work in the city to live here. The

plan calls for new jobs to go to Berkeley residents, as opposed to out of town workers. Thus, energy wasted by commuting could be cut down.

There will be an increase in energy consumption for both new construction and on going maintenance needed to sustain new businesses. Undoubtedly, some of this energy will escape into the air in the form of waste heat. Further, the increased automobile traffic in the CBD will generate additional waste heat. It is estimated that the increase will be negligible.

Rehabilitation of existing building stock combined with solarization and intensive use of insulation, for both new and old buildings, are being encouraged by new federal programs and programs administered by the City's Housing and Development Department.

The City conforms to the standards set forth in the Regulations for Energy Conservation, Title 24, State of California Administration Code, for its own projects. For street and building illumination levels, Berkeley follows the guidelines established by the Illuminating Engineering Society (I.E.S.).

#### ALTERNATIVES TO THE PROPOSED ACTION

There are two alternatives to the Economic Development Plan (Element). These alternatives are: 1) no project; and, 2) a different set of strategies and policies.

##### 1) No Project

This alternative runs counter to the Berkeley City Council resolution of 1976 which mandates such a plan. Therefore, this alternative is not possible. If the Council had not requested the preparation of such a plan, the City would be faced with uneven and possibly undesirable growth while seeing continued decline of commercial and industrial activity and a failure to overcome high unemployment and a lack of "business confidence."

## 2) A Different Set of Strategies and Policies

The strategies and policies contained in the proposed Economic Development Plan have been carefully constructed to cause optimal economic growth with minimal environmental disruption. Other such proposals, it is felt, either would be ineffective, or would cause substantially heavier environmental impacts.

### THE RELATIONSHIP BETWEEN LOCAL SHORT-TERM USES OF MAN'S ENVIRONMENT AND THE MAINTENANCE AND ENHANCEMENT OF LONG-TERM PRODUCTIVITY.

Berkeley, as an older city of high population density, does not have much undeveloped land remaining. Additional economic development will likely be of a more intensive use for existing developed land than it will be for developing the remaining vacant land. In putting developed land to new uses, some people, as well as activities, may be displaced, which will in turn result in social and economic impacts.

Additional development in the City, particularly in the CBD and automotive area adjacent, will bring in more traffic, noise, sewage, and pollution of air and water. While controls exist to protect basic resources, to limit material destruction, and avoid harmful effects on plant, animal, and human life, the cumulative, long-term effects could be hazardous in terms of health and general well-being.

If the Economic Plan is implemented, there will be demands upon resources involved in construction, maintenance and energy. This means the consumption of non-renewable resources such as petroleum. While the plan encourages the use of energy, efficient and renewable resources such as solar power, it is difficult to estimate what the respective demands will be.

The long-term productivity of the environment will undoubtedly be affected by the implementation of the plan. Negative impacts on the environment will possibly be mitigated by implementation of the plan and the other elements of Berkeley's Master Plan.

The economic gains that are thought to be accrued with implementation of the plan will likely offset potential negative environmental impacts. If the present economic deterioration of the City were to continue, the negative environmental impacts would be even greater than those possible under the plan. The physical deterioration of housing and commercial structures in South Berkeley and those of streets in the industrial area are cases in point.

Since automobile traffic is likely to increase in the CBD, with or without implementation of the Economic Plan, the major environmental impacts discussed in this EIR are likely to occur without the plan's implementation. This would happen without the benefits of the plan and therefore if considered that approval at this time is justified.

ANY IRREVERSIBLE ENVIRONMENTAL CHANGES WHICH WOULD BE INVOLVED IN THE PROPOSED ACTION SHOULD BE IMPLEMENTED

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There is little in the way of adverse environmental effects that will occur if the proposed policies are implemented. Unavoidable economic impacts may result in those areas subject to seismic hazards as briefly discussed on pages 6 and 7 of the "Environmental Description" of the Master Plan Environmental Assessment previously cited.

As stated previously, increased energy consumption will also result in the escape of waste heat in the air. The continued and increased use of streets for automobile traffic will not only contribute to further amounts of pollution but will further commit that land to automobile and pedestrian traffic.



Existing housing stock will also be vulnerable to demolition if the industrial or commercial areas should experience strong or sustained economic growth. While the tenants concerned will be given relocation assistance, and perhaps other aid, nevertheless they will experience the hardships of dislocation.

#### THE GROWTH-INDUCING IMPACT

It would appear that the net result of the proposed policies will be growth-inducing. Potential population densities will increase with the addition of units in the CBD. While there is no proposed expansion of commercial shopping areas, there will be a revitalization in South Berkeley. More intensive development will occur in the downtown, including some new office buildings and increased use of the downtown for recreation, theatrical and cultural use along with shopping and dining.

#### PLANS AND REGULATORY PROGRAMS

Projects in the region with objectives comparable to those of the Economic Element include many plans and regulatory programs. Some relevant plans which, if implemented, may have an impact on the region are the Regional Plan 1970: 1990, adopted by the Association of Bay Area Governments (ABAG) in 1970; the Regional Housing Element--Phase I by ABAG, adopted in 1975; the Regional Open Space Plan--Phase II also by ABAG; the revised working paper, Series 3 Projections: Population, Housing, Jobs, and Land Uses San Francisco Bay Region adopted ABAG in March, 1978. The San Francisco Bay Plan adopted by the Bay Conservation and Development Commission (BCDC) in 1969; the East Bay Regional Park District's Master Plan, approved in 1973; and the Regional Transportation Plan, adopted by the Metropolitan Transportation Commission in 1974. Regulatory programs include those of the Bay Conservation and Development



Commission, the East Bay Municipal Utility District, the San Francisco Bay Regional Water Quality Control Board, the Bay Area Air Pollution Control District, the California Air Resources Board, the California Department of Fish and Game. The cumulative impact of plans and plan elements, especially those affecting housing, circulation, open space, conservation, and the location of industry, of other jurisdictions, as well as Berkeley's, also have potential impact on the regional setting. In addition, the other elements of the Berkeley Master Plan are relevant to the Economic Element and to the region.

#### APPLICABLE FEDERAL, STATE AND LOCAL ENVIRONMENTAL CONTROLS

Laws to protect the environment in Berkeley are administered by many agencies at the local, regional, state, and federal levels. Major regulations are administered by the following organizations:

- 1) Bay Conservation and Development Commission. BCDC has jurisdiction over San Francisco Bay plus a shoreline band generally going 100 feet inland from the line of highest tidal action. Any filling, dredging, or other significant change within this area is subject to BCDC approval.
- 2) East Bay Municipal Utility District. Through its comprehensive water control ordinance (and sewage rate schedule), EBMUD controls the strength and composition of wastes entering its system.
- 3) San Francisco Bay Regional Water Quality Control Board. As one of the regional units of the State Water Quality Control Board, this agency sets water quality standards and controls discharges.
- 4) Bay Area Air Pollution Control District. For most of the Bay Area, the Pollution district regulates the emission of pollutants from stationary sources like industries and open burning.
- 5) California Air Resources Board. This State agency is empowered to regulate emission of air pollutants from vehicular sources.
- 6) California Department of Fish and Game. This department enforces many State laws protecting fish and wildlife.
- 7) U. S. Environmental Protection Agency. The EPA is authorized to enforce performance standards for vehicles and various industries and projects, with special emphasis on combatting pollution of all kinds.
- 8) U. S. Coast Guard. The Coast Guard has primary responsibility for enforcing all federal water pollution laws in the Bay.

- 9) U. S. Army Corps of Engineers. The Corps has regulatory powers to protect navigable waters, to restrict discharge of certain industrial wastes, and to control work in unfilled parts of diked areas.

Other controls administered by the City include the Zoning Regulations, the California Subdivision Map Act, the Building Code, the Alquist-Priolo Geologic Hazard Zones Act, the City's grading ordinance, and the Berkeley Fire Prevention Code.





U.C. BERKELEY LIBRARIES



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